



FY 2013-14

APPROPRIATIONS REPORT

Part I - Governor's Recommendations

March 2013



THE SENATE FISCAL AGENCY

The Senate Fiscal Agency is governed by a board of five members, including the majority and minority leaders of the Senate, the Chairperson of the Appropriations Committee of the Senate, and two other members of the Appropriations Committee of the Senate appointed by the Chairperson of the Appropriations Committee with the concurrence of the Majority Leader of the Senate, one from the minority party.

The purpose of the Agency, as defined by statute, is to be of service to the Senate Appropriations Committee and other members of the Senate. In accordance with this charge the Agency strives to achieve the following objectives:

1. To provide technical, analytical, and preparatory support for all appropriations bills.
2. To provide written analyses of all Senate bills, House bills, and Administrative Rules considered by the Senate.
3. To review and evaluate proposed and existing State programs and services.
4. To provide economic and revenue analysis and forecasting.
5. To review and evaluate the impact of Federal budget decisions on the State.
6. To review and evaluate State issuance of long-term and short-term debt.
7. To review and evaluate the State's compliance with constitutional and statutory fiscal requirements.
8. To prepare special reports on fiscal issues as they arise and at the request of members of the Senate.

The Agency is located on the 8th floor of the Victor Office Center. The Agency is an equal opportunity employer.



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TABLE OF CONTENTS

OVERVIEW	1
Table 1: FY 2013-14 Governor's Recommendation by Source of Funds	3
Figure A: Appropriations by Source of Funds FY 2013-14 Governor's Recommendation	4
Table 2: Adjusted Gross Appropriations FY 2012-13 Versus Governor's Recommendation	5
Figure B: Adjusted Gross Appropriations FY 2013-14 Governor's Recommendation	6
Table 3: State Spending From State Resources Appropriations FY 2012-13 Versus Governor's Recommendation	7
Figure C: State Spending From State Resources FY 2013-14 Governor's Recommendation	8
Table 4: General Fund/General Purpose Appropriations FY 2012-13 Versus Governor's Recommendation	9
Figure D: General Fund/General Purpose FY 2013-14 Governor's Recommendation	10
Table 5: Full-Time Equated Classified Positions FY 2012-13 Versus Governor's Recommendation	11
Figure E: Full-Time Equated Classified Positions FY 2013-14 Governor's Recommendation	12
Table 6: State Payments to Local Units of Government FY 2012-13 Versus Governor's Recommendation	13
Table 7: FY 2013-14 One-Time Adjusted Gross and GF/GP Appropriations	14
Table 8: February 2013 Governor's Recommendation General Fund/General Purpose (GF/GP) Revenue, Expenditures, and Year-End Balance	16
Table 9: February 2013 Governor's Recommendation School Aid Fund Revenue, Expenditures, and Year-End Balance	17
SUMMARY OF MAJOR FY 2013-14 GF/GP APPROPRIATION CHANGES	17
Table 10: FY 2013-14 Budget Recommendation Major Changes From FY 2012-13 Year-to-Date General Fund/General Purpose (GF/GP) Appropriations	18
Table 11: FY 2013-14 Governor's Appropriation Recommendation New GF/GP Programs	19
Table 12: FY 2013-14 Governor's Appropriation Recommendation GF/GP Funding Increases	21
Table 13: FY 2013-14 Governor's Appropriation Recommendation GF/GP Funding Eliminations/Reductions	23
Table 14: FY 2013-14 Governor's Appropriation Recommendation Fund Shifts to Increase/(Reduce) GF/GP	24
Table 15: FY 2013-14 State Budget Recommendation Economic Increases Included in Budget	25
SUMMARY OF OTHER MAJOR FY 2013-14 APPROPRIATION ISSUES	26
Table 16: Revenue Sharing Appropriation Summary	26
School Aid Recommendations	27
Transportation Investment Package	28
Table 17: Debt Service Appropriations FY 2013-14 Compared with FY 2012-13	29
Table 18: FY 2013-14 Governor's Recommendation Proposed Fee Adjustments Included in Budget	30
Table 19: State Retirement Contribution Rates as a Percentage of Payroll	31
Table 20: FY 2013-14 MPSERS Employer Contribution Rates	32
Table 21: FY 2013-14 Estimated Contributions to Two Largest Retirement Systems	33
Table 22: Tobacco Settlement Revenue and Appropriations FY 2012-13 Compared to FY 2013-14 Governor's Recommendation	34

ECONOMIC AND REVENUE FORECAST 35

Table 23: Consensus Economic Forecast: January 11, 2013 37

Table 24: Governor's Projected Total State Revenue: FY 2011-12 Through FY 2013-14..... 38

Table 25: General Fund/General Purpose Revenue Estimates: FY 2012-13 and FY 2013-14 40

Table 26: School Aid Fund Revenue Estimates: FY 2012-13 and FY 2013-14 41

DETAILS FOR DEPARTMENTS AND BUDGET AREAS..... 42

Table 27: Governor's FY 2013-14 Gross and GF/GP Changes to FY 2012-13 42

GOVERNOR'S RECOMMENDATION HIGHLIGHT SHEETS..... 55

OVERVIEW

On February 7, 2013, Governor Rick Snyder presented his fiscal year (FY) 2013-14 State Budget Message and his budget projections for FY 2014-15. Pursuant to an Attorney General's letter opinion issued on February 9, 2011, the Governor is allowed to propose a two-year budget and the Legislature can enact a two-year budget but the second year would be only an expression of an "intent to appropriate", not binding or legally enforceable. This Senate Fiscal Agency (SFA) report, *FY 2013-14 Appropriations Report Part I - Governor's Recommendations*, will focus on Governor Snyder's FY 2013-14 appropriation recommendation and is the first report in a series that will include *Part II - Initial Appropriations* and *Part III - Year-End Appropriations*.

The FY 2013-14 budget recommendation from the Governor is based on the consensus revenue estimates agreed to on January 11, 2013. The FY 2013-14 General Fund/General Purpose (GF/GP) consensus revenue estimate is \$9.3 billion. This represents a 5.4% increase from the FY 2012-13 GF/GP consensus revenue estimate. The FY 2013-14 School Aid Fund (SAF) consensus revenue estimate is \$11.4 billion, a 2.7% increase from the FY 2012-13 consensus revenue estimate. The Governor is proposing to increase fuel taxes and vehicle registration fees by \$1.2 billion in order to fund his transportation investment package. In addition, the Governor's FY 2013-14 recommendation includes \$90.4 million in other fee adjustments, and assumes passage of legislation that would allow Health Insurance Claims Assessment (HICA) revenue to achieve a level of \$400.0 million.

The Governor recommends FY 2013-14 Adjusted Gross appropriations¹ of \$50.8 billion. Included in this appropriation total are \$20.8 billion of Federal funds, \$481.6 million of local and private funds, \$20.4 billion of State Restricted revenue, and \$9.0 billion of GF/GP revenue. Table 1 and Figure A outline the sources of funding for each department and budget area included in the Governor's recommendation. Compared with FY 2012-13 year-to-date appropriations, the Governor's FY 2013-14 budget includes an Adjusted Gross appropriation increase of \$2.5 billion or 5.3%, an increase in State Spending from State Resources appropriations² of \$1.7 billion or 6.0%, and an increase in GF/GP appropriations³ of \$14.4 million or 0.2%.

The primary reasons for the large increases in Adjusted Gross and State Spending appropriations are the Governor's proposals for new spending of \$1.2 billion for the transportation investment package, and \$1.3 billion for the expansion of the Medicaid program. The transportation proposal would be funded from State Restricted revenue while the Medicaid expansion would be funded from Federal revenue. Tables 2 - 4 and Figures B - D compare the Governor's FY 2013-14 recommendations for Adjusted Gross, State Spending from State Resources, and GF/GP appropriations with the FY 2012-13 year-to-date appropriations. Table 5 and Figure E compare the FY 2013-14 recommended number of 52,878.9 full-time equated (FTE) positions to the FY 2012-13 level of 53,512.4 FTEs, a drop of 633.5 positions or 1.2%.

¹ Adjusted Gross appropriations are defined as Gross appropriations less interdepartmental grants received.

² State Spending from State Resources appropriations are Adjusted Gross appropriations less Federal, Local, and Private revenue.

³ General Fund/General Purpose appropriations are State Spending from State Resources appropriations less State Restricted revenue.

The Governor's recommendation includes \$15.8 billion of estimated payments to local units of government. This exceeds the required level of payments pursuant to Article IX, Section 30 of the State Constitution by \$1.4 billion. Below is a summary of the estimate and Table 6 lists the payments to local units by department.

STATE PAYMENTS TO LOCAL UNITS OF GOVERNMENT ARTICLE IX, SECTION 30 REQUIREMENT (Millions of Dollars)	
	FY 2013-14 Estimate
State Spending from State Resources	\$29,415.9 ^{a)}
Required Payments to Local Units of Government (48.97%).....	14,405.0
Estimated Payments to Locals.....	15,790.9
Payments Percentage of Total State Spending.....	53.68%
Surplus of Section 30 Payments.....	\$1,386.0
^{a)} Does not include \$54.839 million of Federal aid counted as GF/GP revenue.	

The FY 2013-14 recommendation includes appropriations that the Governor has designated as either "ongoing" or "one-time". Table 7 outlines the proposed FY 2013-14 one-time Adjusted Gross and GF/GP appropriations. In addition to the \$280.3 million of one-time Adjusted Gross appropriations for various budget areas, the Governor recommends a \$75.0 million one-time appropriation to the Budget Stabilization Fund, as well as a \$103.0 million one-time appropriation to a proposed new Michigan Health Savings Fund. The \$103.0 million appropriation to this new fund represents a deposit of 50.0% of the savings from the Governor's proposal to expand Medicaid.

Tables 8 and 9 present the GF/GP and SAF balance sheets for FY 2012-13, FY 2013-14, and FY 2014-15, which result in positive ending balances for all three fiscal years.

Although the total GF/GP dollar change from FY 2012-13 to FY 2013-14 is only \$14.4 million, Table 10 shows that the \$14.4 million consists of \$118.0 million of GF/GP funding for new programs, \$205.9 million of net GF/GP savings from the proposed Medicaid expansion, \$266.2 million of GF/GP funding increases, \$217.2 million of GF/GP funding reductions, a \$42.7 million GF/GP reduction from fund shifts, and \$96.0 million in GF/GP economic increases. Tables 11 - 14 provide the details of these GF/GP changes.

Tables 15 - 22 present background information regarding major budget issues.

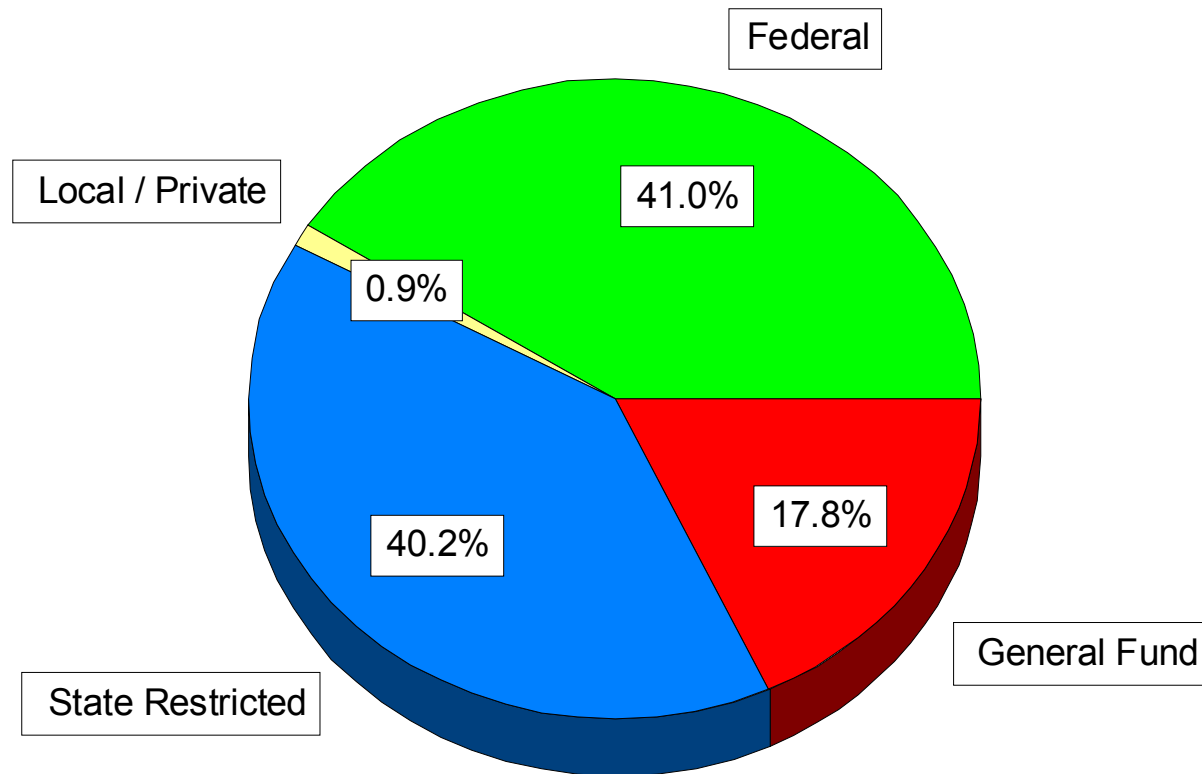
Similarly to both budgets that Governor Snyder has presented previously, the Governor's third budget message includes performance measures for State programs. The Governor again proposes to roll-up many line items in each budget area and to eliminate most legislatively initiated boilerplate language. The consolidation of line items and the elimination of boilerplate language would provide more flexibility for the Executive branch but also would greatly reduce the Legislature's oversight role.

Table 1

FY 2013-14 GOVERNOR'S RECOMMENDATION BY SOURCE OF FUNDS							
Department/Budget Area	Gross	IDGs	Adjusted Gross	Federal	Local & Private	State Restricted	General Fund/ General Purpose
Agriculture & Rural Development	\$76,993,300	\$524,300	\$76,469,000	\$9,720,900	\$96,900	\$29,020,900	\$37,630,300
Attorney General	89,306,900	27,355,500	61,951,400	9,838,200	0	17,631,900	34,481,300
Civil Rights	15,198,300	0	15,198,300	2,690,200	18,700	151,900	12,337,500
Community Colleges	335,977,600	0	335,977,600	0	0	197,614,100	138,363,500
Community Health	16,634,251,000	10,056,100	16,624,194,900	11,392,469,900	333,878,900	2,172,313,600	2,725,532,500
Corrections	2,029,308,000	1,109,600	2,028,198,400	8,852,500	266,200	56,026,100	1,963,053,600
Education	318,888,400	0	318,888,400	232,395,400	7,567,000	8,032,100	70,893,900
Environmental Quality	512,168,800	9,401,900	502,766,900	150,929,700	541,800	322,190,900	29,104,500
Executive	4,970,000	0	4,970,000	0	0	0	4,970,000
Higher Education	1,430,573,500	0	1,430,573,500	97,026,400	0	200,565,700	1,132,981,400
Human Services	6,045,776,100	30,594,600	6,015,181,500	4,802,702,800	47,747,500	151,618,800	1,013,112,400
Judiciary	285,316,200	2,350,500	282,965,700	5,343,900	8,064,600	86,115,900	183,441,300
Legislative Auditor General	20,554,400	5,092,100	15,462,300	0	0	1,951,000	13,511,300
Legislature	123,819,300	0	123,819,300	0	400,000	1,109,800	122,309,500
Licensing & Regulatory Affairs	573,906,300	14,228,200	559,678,100	197,470,000	2,668,300	320,734,900	38,804,900
Military & Veterans Affairs	162,608,000	650,000	161,958,000	89,782,700	2,240,000	27,554,000	42,381,300
Natural Resources	354,388,900	1,412,300	352,976,600	67,127,300	7,237,200	251,325,500	27,286,600
School Aid	13,235,234,800	0	13,235,234,800	1,764,421,300	0	11,240,813,500	230,000,000
State	219,548,900	20,000,000	199,548,900	1,810,000	100	182,485,400	15,253,400
State Police	603,801,700	25,219,700	578,582,000	98,846,100	7,207,200	121,554,400	350,974,300
Technology, Management, & Budget	1,185,975,200	677,159,800	508,815,400	8,790,900	1,511,200	92,625,900	405,887,400
Transportation	4,574,787,600	3,625,100	4,571,162,500	1,198,885,500	50,277,100	3,321,999,900	0
Treasury - Debt Service	154,202,500	0	154,202,500	0	0	3,014,500	151,188,000
Treasury - Operations	495,797,200	9,130,000	486,667,200	39,410,400	1,981,500	362,772,000	82,503,300
Treasury - Revenue Sharing	1,123,150,200	0	1,123,150,200	0	0	1,123,150,200	0
Treasury - Strategic Fund	1,000,613,900	0	1,000,613,900	638,370,300	9,888,400	141,851,300	210,503,900
TOTAL APPROPRIATIONS	\$51,607,117,000	\$837,909,700	\$50,769,207,300	\$20,816,884,400	\$481,592,600	\$20,434,224,200	\$9,036,506,100

Figure A

Appropriations by Source of Funds FY 2013-14 Governor's Recommendation



Total = \$ 50,769,207,300

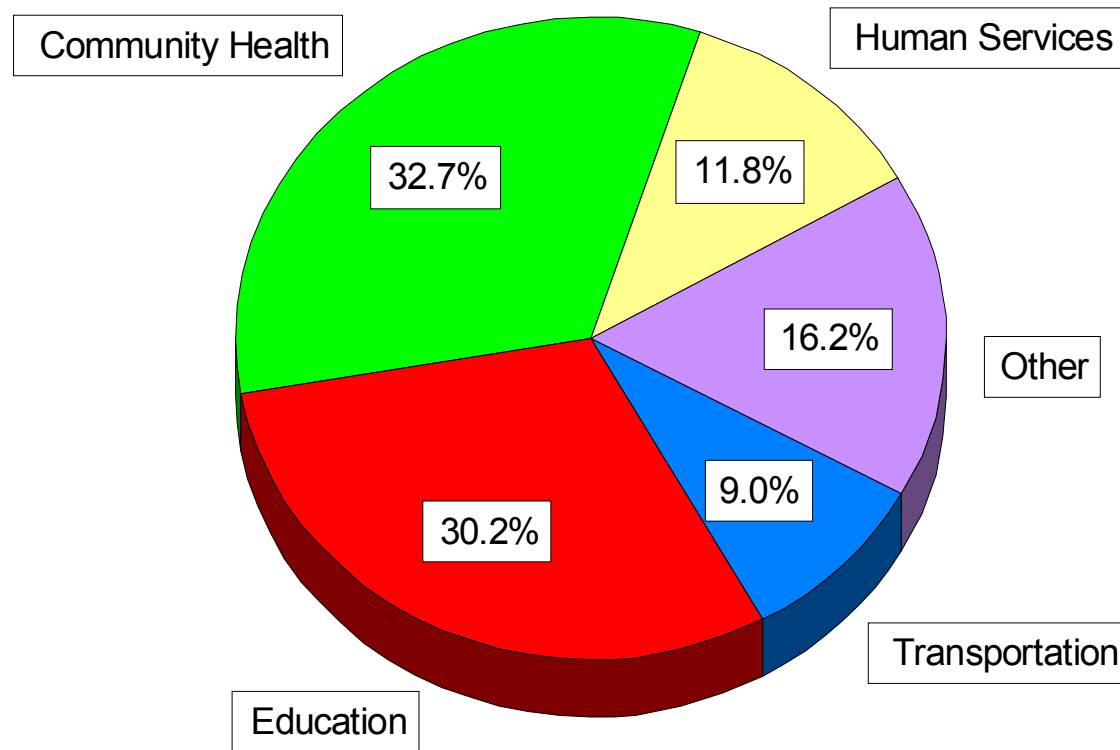
Table 2

**ADJUSTED GROSS APPROPRIATIONS
FY 2012-13 VERSUS GOVERNOR'S RECOMMENDATION**

Department/Budget Area	FY 2012-13 Year-to-Date Appropriations	FY 2013-14 Governor's Recommendation	Dollar Difference	Percent Change
Agriculture & Rural Development	\$76,433,700	\$76,469,000	\$35,300	0.0%
Attorney General	61,000,400	61,951,400	951,000	1.6
Civil Rights	14,765,500	15,198,300	432,800	2.9
Community Colleges	294,130,500	335,977,600	41,847,100	14.2
Community Health	15,019,033,900	16,624,194,900	1,605,161,000	10.7
Corrections	2,017,523,800	2,028,198,400	10,674,600	0.5
Education	328,909,900	318,888,400	(10,021,500)	(3.0)
Environmental Quality	423,308,700	502,766,900	79,458,200	18.8
Executive	4,887,900	4,970,000	82,100	1.7
Higher Education	1,399,220,400	1,430,573,500	31,353,100	2.2
Human Services	6,673,512,400	6,015,181,500	(658,330,900)	(9.9)
Judiciary	271,121,900	282,965,700	11,843,800	4.4
Legislative Auditor General	14,895,600	15,462,300	566,700	3.8
Legislature	110,922,500	123,819,300	12,896,800	11.6
Licensing & Regulatory Affairs	632,404,900	559,678,100	(72,726,800)	(11.5)
Military & Veterans Affairs	170,907,100	161,958,000	(8,949,100)	(5.2)
Natural Resources	335,855,600	352,976,600	17,121,000	5.1
School Aid	12,944,687,000	13,235,234,800	290,547,800	2.2
State	200,669,300	199,548,900	(1,120,400)	(0.6)
State Police	552,744,200	578,582,000	25,837,800	4.7
Technology, Management, & Budget	507,408,700	508,815,400	1,406,700	0.3
Transportation	3,462,905,600	4,571,162,500	1,108,256,900	32.0
Treasury - Debt Service	140,554,900	154,202,500	13,647,600	9.7
Treasury - Operations	503,563,000	486,667,200	(16,895,800)	(3.4)
Treasury - Revenue Sharing	1,083,700,000	1,123,150,200	39,450,200	3.6
Treasury - Strategic Fund	984,196,800	1,000,613,900	16,417,100	1.7
TOTAL APPROPRIATIONS	\$48,229,264,200	\$50,769,207,300	\$2,539,943,100	5.3%

Figure B

Adjusted Gross Appropriations FY 2013-14 Governor's Recommendation



Total = \$ 50,769,207,300

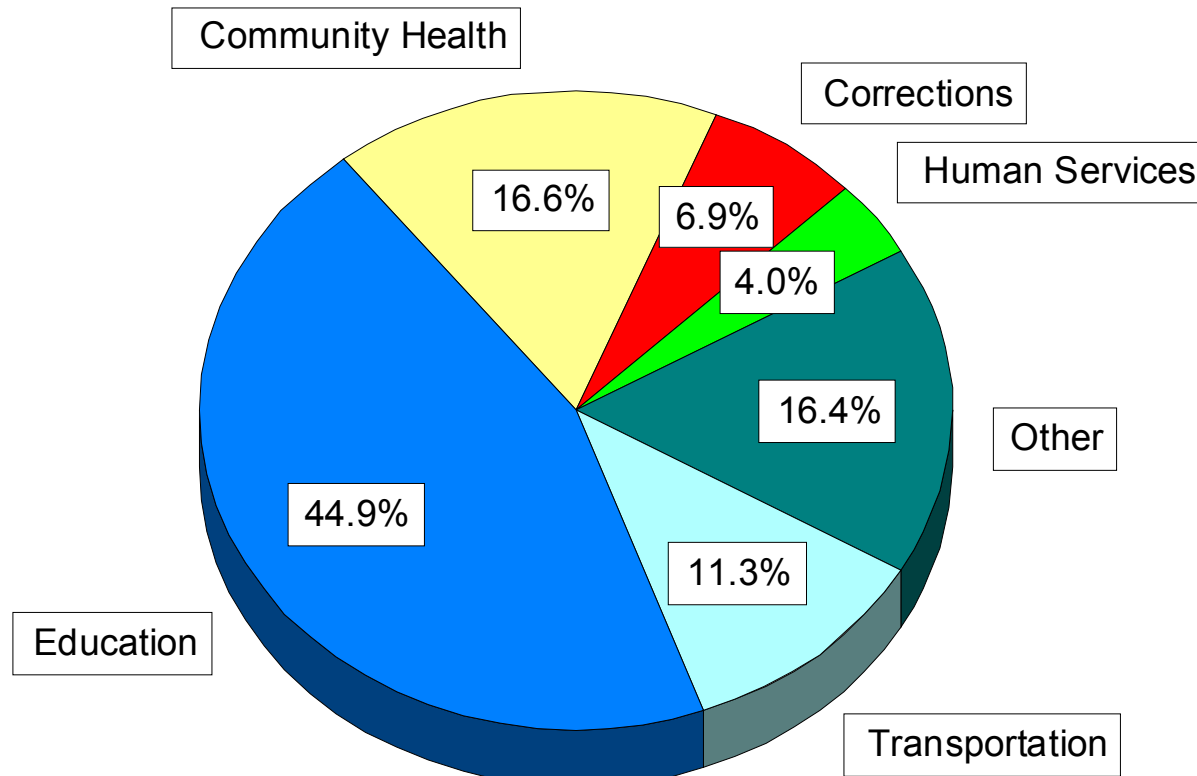
Table 3

STATE SPENDING FROM STATE RESOURCES APPROPRIATIONS FY 2012-13 VERSUS GOVERNOR'S RECOMMENDATION				
Department/Budget Area	FY 2012-13 Year-to-Date Appropriations	FY 2013-14 Governor's Recommendation	Dollar Difference	Percent Change
Agriculture & Rural Development	\$65,058,300	\$66,651,200	\$1,592,900	2.4%
Attorney General	51,067,800	52,113,200	1,045,400	2.0
Civil Rights	12,105,500	12,489,400	383,900	3.2
Community Colleges	294,130,500	335,977,600	41,847,100	14.2
Community Health	4,975,497,800	4,897,846,100	(77,651,700)	(1.6)
Corrections	2,008,475,100	2,019,079,700	10,604,600	0.5
Education	75,719,500	78,926,000	3,206,500	4.2
Environmental Quality	261,088,000	351,295,400	90,207,400	34.6
Executive	4,887,900	4,970,000	82,100	1.7
Higher Education	1,302,194,000	1,333,547,100	31,353,100	2.4
Human Services	1,117,223,200	1,164,731,200	47,508,000	4.3
Judiciary	257,133,700	269,557,200	12,423,500	4.8
Legislative Auditor General	14,895,600	15,462,300	566,700	3.8
Legislature	110,522,500	123,419,300	12,896,800	11.7
Licensing & Regulatory Affairs	361,024,900	359,539,800	(1,485,100)	(0.4)
Military & Veterans Affairs	68,660,400	69,935,300	1,274,900	1.9
Natural Resources	262,091,600	278,612,100	16,520,500	6.3
School Aid	11,243,645,600	11,470,813,500	227,167,900	2.0
State	198,859,200	197,738,800	(1,120,400)	(0.6)
State Police	440,732,500	472,528,700	31,796,200	7.2
Technology, Management, & Budget	496,433,400	498,513,300	2,079,900	0.4
Transportation	2,188,895,300	3,321,999,900	1,133,104,600	51.8
Treasury - Debt Service	140,554,900	154,202,500	13,647,600	9.7
Treasury - Operations	460,945,000	445,275,300	(15,669,700)	(3.4)
Treasury - Revenue Sharing	1,083,700,000	1,123,150,200	39,450,200	3.6
Treasury - Strategic Fund	316,362,700	352,355,200	35,992,500	11.4
TOTAL APPROPRIATIONS	\$27,811,904,900	\$29,470,730,300	\$1,658,825,400	6.0%

Figure C

State Spending From State Resources

FY 2013-14 Governor's Recommendation



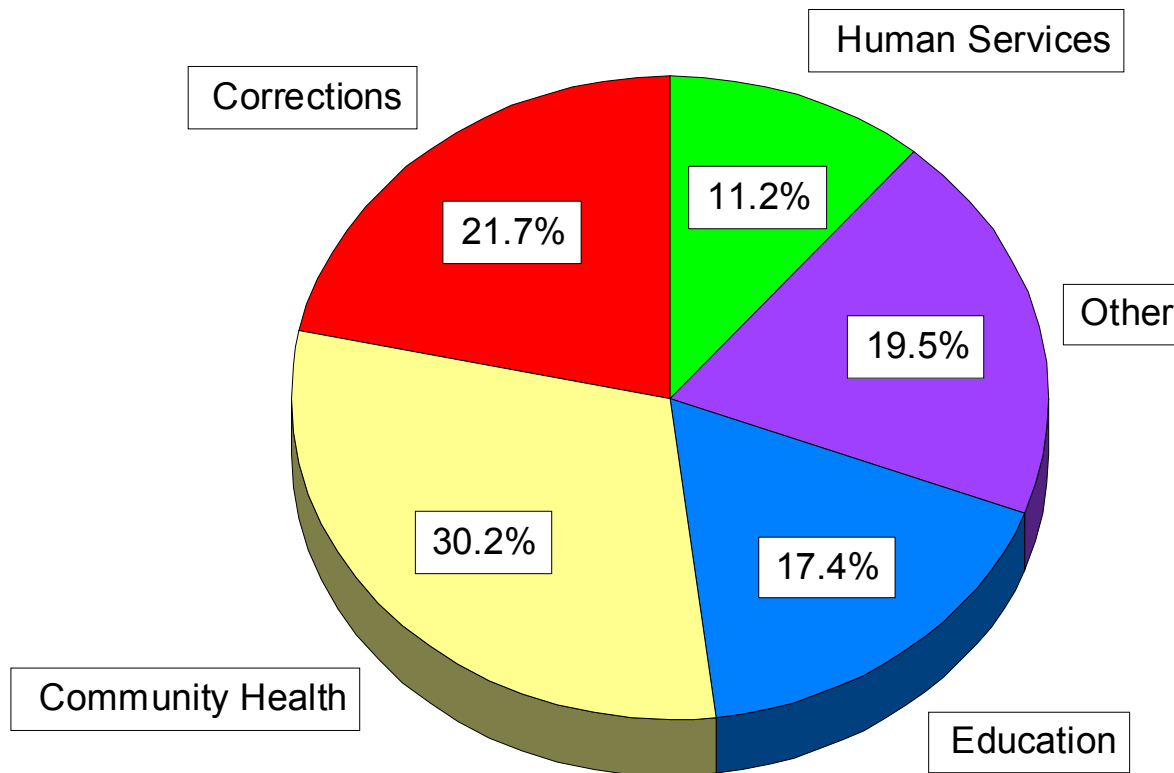
Total = \$ 29,470,730,300

Table 4

GENERAL FUND/GENERAL PURPOSE APPROPRIATIONS FY 2012-13 VERSUS GOVERNOR'S RECOMMENDATION				
Department/Budget Area	FY 2012-13 Year-to-Date Appropriations	FY 2013-14 Governor's Recommendation	Dollar Difference	Percent Change
Agriculture & Rural Development	\$36,098,900	\$37,630,300	\$1,531,400	4.2%
Attorney General	33,825,800	34,481,300	655,500	1.9
Civil Rights	11,953,600	12,337,500	383,900	3.2
Community Colleges	96,516,400	138,363,500	41,847,100	43.4
Community Health	2,817,437,800	2,725,532,500	(91,905,300)	(3.3)
Corrections	1,941,485,600	1,963,053,600	21,568,000	1.1
Education	68,093,200	70,893,900	2,800,700	4.1
Environmental Quality	29,812,400	29,104,500	(707,900)	(2.4)
Executive	4,887,900	4,970,000	82,100	1.7
Higher Education	1,101,628,300	1,132,981,400	31,353,100	2.8
Human Services	1,028,769,600	1,013,112,400	(15,657,200)	(1.5)
Judiciary	170,751,500	183,441,300	12,689,800	7.4
Legislative Auditor General	13,004,900	13,511,300	506,400	3.9
Legislature	109,412,700	122,309,500	12,896,800	11.8
Licensing & Regulatory Affairs	36,945,200	38,804,900	1,859,700	5.0
Military & Veterans Affairs	38,233,400	42,381,300	4,147,900	10.8
Natural Resources	19,737,900	27,286,600	7,548,700	38.2
School Aid	282,400,000	230,000,000	(52,400,000)	(18.6)
State	14,888,100	15,253,400	365,300	2.5
State Police	317,513,800	350,974,300	33,460,500	10.5
Technology, Management, & Budget	405,916,200	405,887,400	(28,800)	(0.0)
Transportation	23,000,000	0	(23,000,000)	(100.0)
Treasury - Debt Service	135,040,400	151,188,000	16,147,600	12.0
Treasury - Operations	111,294,500	82,503,300	(28,791,200)	(25.9)
Treasury - Revenue Sharing	0	0	0	0.0
Treasury - Strategic Fund	173,501,600	210,503,900	37,002,300	21.3
TOTAL APPROPRIATIONS	\$9,022,149,700	\$9,036,506,100	\$14,356,400	0.2%

Figure D

General Fund/General Purpose FY 2013-14 Governor's Recommendation



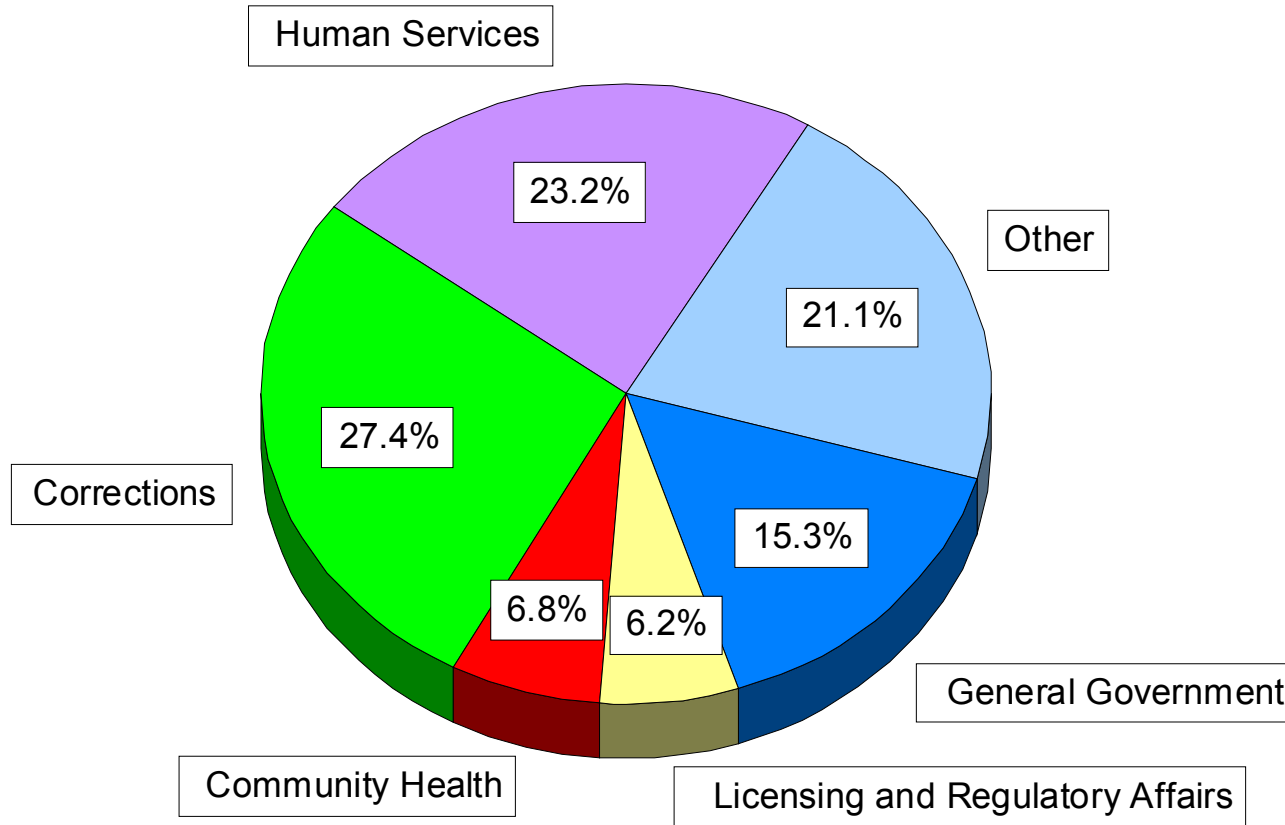
Total = \$ 9,036,506,100

Table 5

FULL-TIME EQUATED CLASSIFIED POSITIONS FY 2012-13 VERSUS GOVERNOR'S RECOMMENDATION				
Department/Budget Area	FY 2012-13 Year-to-Date Appropriations	FY 2013-14 Governor's Recommendation	Position Change	Percent Change
Agriculture & Rural Development	425.0	428.0	3.0	0.7%
Attorney General	508.0	511.0	3.0	0.6
Civil Rights	121.0	122.0	1.0	0.8
Community Health	3,546.6	3,583.6	37.0	1.0
Corrections	14,695.2	14,496.5	(198.7)	(1.4)
Education	590.5	594.5	4.0	0.7
Environmental Quality	1,321.5	1,285.5	(36.0)	(2.7)
Executive	74.2	74.2	0.0	0.0
Higher Education	0.0	0.0	0.0	0.0
Human Services	12,308.0	12,276.5	(31.5)	(0.3)
Judiciary	472.0	482.0	10.0	2.1
Licensing & Regulatory Affairs	3,709.8	3,267.0	(442.8)	(11.9)
Military & Veterans Affairs	834.0	872.0	38.0	4.6
Natural Resources	2,093.8	2,135.3	41.5	2.0
State	1,689.0	1,562.0	(127.0)	(7.5)
State Police	2,881.0	2,914.0	33.0	1.1
Technology, Management, & Budget	2,808.0	2,806.0	(2.0)	(0.1)
Transportation	2,912.3	2,912.3	0.0	0.0
Treasury - Operations	1,774.5	1,784.5	10.0	0.6
Treasury - Strategic Fund	748.0	772.0	24.0	3.2
TOTAL POSITIONS	53,512.4	52,878.9	(633.5)	(1.2%)

Figure E

Full-Time Equated Classified Positions FY 2013-14 Governor's Recommendation



Total = 52,878.9

Table 6

STATE PAYMENTS TO LOCAL UNITS OF GOVERNMENT FY 2012-13 VERSUS GOVERNOR'S RECOMMENDATION				
Department/Budget Area	FY 2012-13 Year-to-Date Appropriations	FY 2013-14 Governor's Recommendation	Dollar Difference	Percent Change
Agriculture & Rural Development	\$1,500,000	\$3,500,000	\$2,000,000	133.3%
Attorney General	0	0	0	0.0
Capital Outlay	0	0	0	0.0
Civil Rights	0	0	0	0.0
Community Colleges	294,130,500	335,977,600	41,847,100	14.2
Community Health	1,229,341,700	1,227,734,500	(1,607,200)	(0.1)
Corrections	91,166,400	90,859,700	(306,700)	(0.3)
Education	6,208,000	10,312,300	4,104,300	66.1
Environmental Quality	2,775,000	2,775,000	0	0.0
Executive	0	0	0	0.0
Higher Education	0	0	0	0.0
Human Services	100,595,000	95,422,200	(5,172,800)	(5.1)
Judiciary	127,604,200	138,999,600	11,395,400	8.9
Legislative Auditor General	0	0	0	0.0
Legislature	0	0	0	0.0
Licensing & Regulatory Affairs	21,625,700	26,917,500	5,291,800	24.5
Military & Veterans Affairs	120,000	120,000	0	0.0
Natural Resources	5,921,100	11,689,400	5,768,300	97.4
Natural Resources (Trust Fund)	0	0	0	0.0
School Aid	10,935,149,700	11,309,030,900	373,881,200	3.4
State	1,360,800	1,360,800	0	0.0
State Police	18,728,700	15,537,600	(3,191,100)	(17.0)
Technology, Management, & Budget	0	0	0	0.0
Transportation	1,233,905,900	1,228,928,100	(4,977,800)	(0.4)
Treasury - Debt Service	0	0	0	0.0
Treasury - Operations	156,522,400	153,383,300	(3,139,100)	(2.0)
Treasury - Revenue Sharing	1,083,700,000	1,123,150,200	39,450,200	3.6
Treasury - Strategic Fund	15,224,800	15,224,800	0	0.0
TOTAL APPROPRIATIONS	\$15,325,579,900	\$15,790,923,500	\$465,343,600	3.0%

Table 7

FY 2013-14 ONE-TIME ADJUSTED GROSS AND GF/GP APPROPRIATIONS		
Budget Area/Program	FY 2013-14 Adjusted Gross Appropriation	FY 2013-14 GF/GP Appropriation
Agriculture and Rural Development		
Private Forestry Program	\$600,000	\$600,000
Community Colleges		
Virtual Learning Collaborative	1,100,000	1,100,000
Community Health		
Diagnostic Coding Project	18,300,000	2,300,000
Primary Care Clinics (Beaver, Bois Blanc, Drummond, & Mackinac Islands)	325,000	325,000
Mental Health Innovation Funding	5,000,000	5,000,000
Corrections		
New Employee Training School	9,032,500	9,032,500
Environmental Quality		
Hazardous Waste Management Program General Fund Support	400,000	400,000
Wetlands Program	600,000	600,000
Human Services		
Information Technology for Eligibility Determination	2,000,000	1,039,600
Fraud Prevention, Detection, and Recoupment	1,500,000	1,000,000
Family Preservation Programs Expansion	2,500,000	0
Judiciary		
Trial Court Performance Innovations Fund	4,000,000	4,000,000
Implementation of Michigan Court System	2,500,000	2,500,000
Military and Veterans Affairs		
Veterans Service Delivery Initiative	4,000,000	4,000,000
Natural Resources		
Conservation Officers School (25 Officers)	600,000	600,000
Replace Great Lakes Research Vessel Chinook	2,000,000	2,000,000
School Aid		
Expand Great Start Readiness Programs	15,000,000	0
Best Practices Funding	25,000,000	0
Foundation Allowance Equity Payments	24,000,000	24,000,000
Technology Infrastructure Grants	13,500,000	4,000,000
Student-Centric Learning Competitive Grants	8,000,000	8,000,000
Michigan Virtual University Online Education Reforms	5,000,000	5,000,000
Small Class Size Supplemental Payments	9,000,000	9,000,000

FY 2013-14 ONE-TIME ADJUSTED GROSS AND GF/GP APPROPRIATIONS		
Budget Area/Program	FY 2013-14 Adjusted Gross Appropriation	FY 2013-14 GF/GP Appropriation
State Police		
Trooper School (107 Troopers).....	4,211,900	4,211,900
Replacement of Two Emergency Support Team Trucks	350,000	350,000
Creation of Statewide Disaster/Emergency Contingency Fund.....	4,000,000	4,000,000
Technology, Management, and Budget		
Special Maintenance for State Buildings	10,000,000	10,000,000
Regional Prosperity Grant Program	5,000,000	5,000,000
Delta County Bridge (Capital Outlay)	1,500,000	1,500,000
State Emergency Operations Center (Capital Outlay).....	100	100
Treasury - Operations		
Distressed Communities Funding	5,000,000	5,000,000
Gaming Control Board System Replacement	3,000,000	0
Sales, Use, Withholding System Replacement.....	1,763,300	1,763,300
Treasury - Revenue Sharing		
Competitive Grant Assistance Program	10,000,000	0
Economic Vitality Incentive Program.....	7,500,000	0
County Incentive Program.....	4,500,000	0
Treasury - Strategic Fund		
Business Attraction and Community Revitalization	27,500,000	27,500,000
Film Incentive Program	25,000,000	25,000,000
Skilled Trades Training Program.....	10,000,000	10,000,000
Land Bank Fast Track Authority Blighted Property Demolitions.....	5,000,000	5,000,000
Land Bank Fast Track Authority Good Neighbor Program	2,000,000	2,000,000
Subtotal One-Time Appropriations	\$280,282,800	\$185,822,400
Appropriation to the Budget Stabilization Fund.....	\$75,000,000	\$75,000,000
Appropriation to the Health Savings Fund	103,000,000	103,000,000
TOTAL ONE-TIME APPROPRIATIONS	\$458,282,800	\$363,822,400

Table 8

FEBRUARY 2013 GOVERNOR'S RECOMMENDATION GENERAL FUND/GENERAL PURPOSE (GF/GP) REVENUE, EXPENDITURES, AND YEAR-END BALANCE (Millions of Dollars)			
	FY 2012-13	FY 2013-14	FY 2014-15
Beginning Balance	\$979.2	\$285.1	\$22.4
Ongoing Revenue:			
Consensus Revenue Estimate (January 2013)	\$8,792.2	\$9,264.4	\$9,639.9
Revenue Sharing Payments	(350.6)	(358.6)	(358.6)
Shift of Borrowing Costs to School Aid Fund	3.2	6.0	8.0
Blue Cross/Blue Shield Insurance Revenue	0.0	62.0	75.0
Subtotal Ongoing Revenue	\$8,444.8	\$8,973.8	\$9,364.3
Non-ongoing Revenue:			
One-Time Appropriation for Revenue Sharing	(20.0)	(22.0)	0.0
Other Restricted Revenue Adjustments	(\$2.0)	\$0.0	\$0.0
Total Estimated GF/GP Revenue	\$9,402.0	\$9,236.9	\$9,386.7
Expenditures:			
Ongoing Appropriations:			
Initial Ongoing Appropriations	\$8,628.5	\$8,850.7	\$9,034.7
Caseload/Cost Adjustments (request #2013-4/#2013-5)	(44.9)	0.0	0.0
Health Insurance Claims Assessment Revenue Shortfall	0.0	0.0	0.0
Subtotal Ongoing Appropriations	\$8,583.6	\$8,850.7	\$9,034.7
One-Time Appropriations:			
Initial One-Time Appropriations	\$365.7	\$185.8	\$4.0
Enacted Supplementals	28.0	0.0	0.0
Deposit to Budget Stabilization Fund	140.0	75.0	150.0
Deposit to Michigan Health Savings Fund	0.0	103.0	137.8
Savings from Refinancing SBA Bonds	(17.4)	0.0	0.0
Supplementals: MVA, DNR, DTMB, Treasury, MSF (#2013-4)	17.0	0.0	0.0
Subtotal One-Time Appropriations	\$533.3	\$363.8	\$291.8
Total Estimated GF/GP Expenditures	\$9,116.9	\$9,214.5	\$9,326.5
PROJECTED YEAR-END GF/GP BALANCE	\$285.1	\$22.4	\$60.2
Note: The FY 2012-13 beginning balance is increased by \$6.7 million, from \$972.5 million to \$979.2 million, to reflect the amount published on March 6, 2013, in the State's final FY 2011-12 Comprehensive Annual Financial Report (CAFR).			

Table 9

FEBRUARY 2013 GOVERNOR'S RECOMMENDATION SCHOOL AID FUND REVENUE, EXPENDITURES, AND YEAR-END BALANCE (Millions of Dollars)			
	FY 2012-13	FY 2013-14	FY 2014-15
Beginning Balance.....	\$254.1	\$49.9	\$1.3
Ongoing Revenue:			
Consensus Revenue Estimate (January 2013).....	\$11,127.7	\$11,432.5	\$11,768.8
MPERS Reserve Fund.....	0.0	150.0	100.0
iLottery.....	0.0	7.8	23.4
General Fund/General Purpose Grant.....	282.4	180.0	233.0
Federal Ongoing Aid.....	1,701.0	1,764.4	1,764.4
Subtotal Ongoing Revenue.....	\$13,111.1	\$13,534.7	\$13,889.6
Non-ongoing Revenue:			
General Fund/General Purpose Grant.....	0.0	50.0	0.0
Total Estimated School Aid Fund Revenue.....	\$13,365.2	\$13,634.6	\$13,890.9
Expenditures:			
Ongoing Appropriations:			
Initial Ongoing K-12 Appropriations.....	\$12,750.2	\$13,135.7	\$13,490.6
K-12 Cost Adjustments(Jan. Consensus/request #2013-5)...	(47.5)	0.0	0.0
Partially Fund Community Colleges with School Aid Fund ..	197.6	197.6	197.6
Partially Fund Higher Education with School Aid Fund.....	200.5	200.5	200.5
Subtotal Ongoing Appropriations.....	\$13,100.8	\$13,533.8	\$13,888.7
One-Time Appropriations:			
Best Practices Grants.....	\$80.0	\$25.0	\$0.0
Technology Grants.....	50.0	13.5	0.0
Consolidation Innovation Grants.....	10.0	0.0	0.0
MPERS Retirement Obligation Reform Reserve Fund.....	41.0	0.0	0.0
Class-Size Grants.....	13.3	9.0	0.0
Foundation Allowance Equity Payment.....	0.0	24.0	0.0
Early Childhood Grants.....	0.0	15.0	0.0
Competitive Student-Centric Learning Grants.....	0.0	8.0	0.0
Michigan Virtual University Digital Learning.....	0.0	5.0	0.0
Public Act 465 of 2012-PILT Supplemental.....	0.2	0.0	0.0
Pending Supplemental (request #2013-5).....	20.0	0.0	0.0
Subtotal One-Time Appropriations.....	\$214.5	\$99.5	\$0.0
Total Estimated School Aid Fund Expenditures.....	\$13,315.3	\$13,633.3	\$13,888.7
PROJECTED YEAR-END SCHOOL AID FUND BALANCE ...	\$49.9	\$1.3	\$2.2

SUMMARY OF MAJOR FY 2013-14 GF/GP APPROPRIATION CHANGES

The Governor's FY 2013-14 budget includes \$9.3 billion in ongoing revenue as estimated at the January 11, 2013, Consensus Revenue Estimating Conference, \$62.0 million in new ongoing insurance premium tax revenue due to Blue Cross/Blue Shield's change in status to a nonprofit mutual insurer, and \$6.0 million from the ongoing shift of short-term borrowing costs to the School Aid Fund. The Governor's FY 2013-14 recommendation of \$358.6 million of ongoing funding for revenue sharing for cities, villages, townships, and counties reduces the ongoing GF/GP revenue to \$9.0 billion. When the ongoing GF/GP revenue is combined with a beginning balance of \$285.1 million in funds carried forward from FY 2012-13 and a \$22.0 million one-time appropriation for revenue sharing, total estimated FY 2013-14 GF/GP revenue is \$9.2 billion.

The FY 2013-14 ongoing GF/GP appropriations recommended by the Governor total \$8.9 billion and one-time GF/GP appropriations recommended by the Governor total \$363.8 million (as listed in [Table 7](#)), resulting in total estimated GF/GP expenditures of \$9.2 billion and a projected year-end balance of \$22.4 million.

[Table 10](#) provides a comparison of the Governor's recommended FY 2013-14 GF/GP appropriations to the FY 2012-13 year-to-date levels. The Governor's FY 2013-14 GF/GP recommendation of \$9,036.5 million represents a \$14.4 million increase in GF/GP appropriations. This net change in GF/GP appropriations can be categorized as new GF/GP programs of \$118.0 million, GF/GP savings of \$205.9 million from Medicaid expansion, GF/GP funding increases of \$266.2 million, GF/GP funding reductions of \$217.2 million, GF/GP economic increases of \$96.0 million, and fund shifts resulting in a \$42.7 million reduction in GF/GP appropriations. These fund shifts are generally defined as changes in the fund sources for a program that do not affect the overall appropriation level of the program.

The FY 2013-14 GF/GP increase for Other Post-Employment Benefits (OPEB) is only \$14.4 million but approximately \$370.0 million GF/GP was added to the spending base for OPEB in FY 2012-13. The funding for OPEB for the State Employees' Retirement System (SERS) continues the consolidation of State retiree health care costs, both "pay-as-you-go" for current retirees and prefunding for future retirees.

Table 10

FY 2013-14 BUDGET RECOMMENDATION MAJOR CHANGES FROM FY 2012-13 YEAR-TO-DATE GENERAL FUND/GENERAL PURPOSE (GF/GP) APPROPRIATIONS (Millions of Dollars)	
FY 2012-13 Year-to-Date Appropriations	\$9,022.1
FY 2013-14 Governor's Recommendation	<u>9,036.5</u>
Net Change in GF/GP Appropriations	\$14.4
 Total New Programs	 \$118.0
Total Net Savings Medicaid Expansion	(205.9)
Total Funding Increases	266.2
Total Funding Reductions	(217.2)
Total Fund Shifts	(42.7)
Total OPEB Funding Adjustment	14.4
Total Non-OPEB Economic Adjustments	<u>81.6</u>
TOTAL GF/GP FUNDING CHANGE	\$14.4

[Table 11](#) outlines the details of the \$118.0 million GF/GP for new programs. The largest amount of new program funding is \$36.0 million for several Michigan Strategic Fund initiatives, including \$20.0 million for an Innovative Debt Financing Program and \$10.0 million for a Skilled Trades Training Program. The next-largest amount of new program funding is \$31.4 million for Community Colleges' Michigan Public School Employees Retirement System (MPERS) payments. Public Act 300 of 2012 capped the local employer contribution rate for MPERS unfunded liabilities at roughly 21.0% of payroll, and the State is required to make an appropriation for any liabilities above that amount. To pay for the MPERS rate cap, the Governor includes \$31.4 million for Community Colleges and \$1.3 million in the Department of Education budget for local libraries.

Table 11

FY 2013-14 GOVERNOR'S APPROPRIATION RECOMMENDATION NEW GF/GP PROGRAMS (Millions of Dollars)	
<u>Budget Area/Program</u>	
Agriculture and Rural Development	
Food/Agriculture Growth Initiative.....	\$1.0
Community Colleges	
MPSERS Rate Cap for Community Colleges	31.4
Virtual Learning Collaborative (one-time)	1.1
Community Health	
Health Innovation Grants	3.0
Infant Mortality Plan	2.5
Veterans' Mental Health/Substance Abuse Services	0.1
Medicaid Transformation Office	1.5
Behavioral Health Homes	0.1
Jail Diversion.....	1.6
Mental Health Innovation Funding (one-time).....	5.0
Education	
MPSERS Rate Cap for Libraries	1.3
Judiciary	
Trial Court Performance Innovations Fund (one-time)	4.0
Implementation of Michigan Court System (one-time)	2.5
Military and Veterans Affairs	
New Veterans Affairs Agency (ongoing).....	4.0
New Veterans Affairs Agency (one-time).....	4.0
Natural Resources	
Aquatic Invasive Species Program	0.2
Belle Isle Management	3.7
School Aid	
Michigan Virtual University Digital Learning Innovation (ongoing)	5.0
Michigan Virtual University Digital Learning Innovation (one-time)	5.0
Treasury - Operations	
Distressed Communities Funding (one-time)	5.0
Treasury - Strategic Fund	
Skilled Trades Training Program (one-time).....	10.0
Land Bank Good Neighbor Program (ongoing)	2.0
Land Bank Good Neighbor Program (one-time).....	2.0
Business Attraction-Innovative Debt Financing Program (one-time).....	20.0
Business Attraction-Agribusiness Initiative (one-time)	2.0
Total GF/GP Funding Increases	\$118.0
GF/GP Savings Related to Medicaid Expansion (total Gross cost increase of \$1,334,831,900)	
Department of Community Health Net GF/GP Savings	(181.7)
Department of Corrections Net GF/GP Savings	(24.2)
Total GF/GP Net Savings from Medicaid Expansion	(\$205.9)

Included at the bottom of Table 11 is a net GF/GP savings total of \$205.9 million from the Governor's proposal to expand Medicaid to cover all individuals up to 133% of the Federal poverty level. The increase would be 100% federally funded in FY 2013-14. The initial assumption is that 321,000 people would be covered in FY 2013-14, with that number growing to over 400,000 by FY 2014-15 and up toward 460,000 by FY 2017-18. The Medicaid expansion would increase Adjusted Gross appropriations by \$1.3 billion but would allow GF/GP savings of \$181.7 million in the Department of Community Health and \$24.2 million in the Department of Corrections. The

State would see savings in several areas because services to people who would become eligible for the expansion and currently paid with State dollars instead would be covered with Federal dollars:

- 1) Department of Corrections: Adults are not eligible for Medicaid while in a secure facility, but when they receive services in facilities such as hospitals outside the secure facility, they are covered if otherwise eligible. The vast majority of prisoners would become Medicaid-eligible under the expansion, so there are assumed savings of \$24.2 million GF/GP in Corrections in FY 2013-14.
- 2) The Medicaid Adult Benefits Waiver (ABW): The ABW covers low-income people not presently Medicaid-eligible. If Medicaid expansion were implemented, this program would no longer be necessary as of January 1, 2014. The partial-year savings would be \$26.0 million GF/GP.
- 3) Community Mental Health (CMH) Non-Medicaid: CMH non-Medicaid funding covers services to low-income people who are not presently Medicaid-eligible. Under Medicaid expansion, most of these individuals would become Medicaid-eligible, with the Federal government picking up 100% of the costs. The budget assumes that there would be \$152.9 million in GF/GP savings from January 1, 2014, through September 30, 2014. That equates to \$203.9 million in full-year savings.

The Governor proposes to use half of the Medicaid expansion GF/GP savings (\$103.0 million) to create the Michigan Health Savings Fund, which would accumulate savings in the early years of the Medicaid expansion to offset Medicaid cost increases in future years.

The details of the \$266.2 million of funding increases recommended by the Governor are listed in Table 12. A significant amount, \$60.6 million, of the recommended increases can be attributed to caseload and cost adjustments in the Department of Community Health. The Governor recommends 2.0% increases for public community colleges (\$5.8 million) and universities (\$26.0 million) with funds continuing to be distributed pursuant to performance formulas. The Governor also continues to reward those public universities that limit resident undergraduate tuition increases to less than 4.0%. Among the other major FY 2013-14 GF/GP increases is \$22.9 million to fund three State employee training schools: \$9.0 million for corrections officers, \$2.9 million for conservation officers, and \$11.0 million for police troopers.

Table 12

FY 2013-14 GOVERNOR'S APPROPRIATION RECOMMENDATION GF/GP FUNDING INCREASES (Millions of Dollars)	
<u>Budget Area/Program</u>	
Agriculture and Rural Development	
Food Safety Initiative	\$0.3
Export Assistance	1.0
Civil Rights	
Office of Deaf and Hard of Hearing Staff	0.1
Hispanic/Latino Commission Funding	0.1
Community Colleges	
2% Funding Increase	5.8
Community Health	
Medicaid Base and Caseload Adjustments	7.3
4x4 Childhood Obesity Program	1.5
Actuarially Sound Rates for Medicaid HMOs/PIHPs	37.9
Reduced GF/GP Savings from Medicaid Special Financing	15.4
Medicaid Autism Services	6.9
Long-Term Care Community Services Expansion	6.7
Healthy Kids Dental Expansion	3.9
Reduced Savings on Dual Eligible Waiver	10.0
Corrections	
Information Technology Adjustments	0.9
New Employee Training School	9.0
Detroit Re-Entry Center Staff	0.9
Post-Closure Facility Maintenance	0.6
Alger Housing Unit Conversion	0.5
Education	
Charter School Support	0.1
School Improvement Plan Reviews	0.1
Environmental Quality	
Wetlands Program (ongoing)	1.0
Wetlands Program (one-time)	0.6
Surface Water Program Match Dollars	0.2
Hazardous Waste Management (one-time)	0.4
Executive Office	
Administrative Costs	0.1
Higher Education	
2% Increase for University Operations	24.9
MSU Agriculture/Bio Research	1.1
Tuition Incentive Program	3.2
Children of Veterans/Officers Survivors Grants	0.2
Human Services	
Mobile Worker Initiative	0.8
Pathways to Potential	2.2
Annualization of Child Welfare Staff	8.2
State Disbursement Unit	1.2
Disability Determination Operations	0.4
State Supplemental Administration	0.3
Community Support Services	0.3
County Juvenile Officers	0.3
Fraud Prevention, Detection, and Recoupment	0.9
Information Technology Infrastructure	1.3
Adoption Subsidy Caseload	3.8
Supplemental Security Income Caseload	0.7

FY 2013-14 GOVERNOR'S APPROPRIATION RECOMMENDATION GF/GP FUNDING INCREASES (Millions of Dollars)	
Human Services (continued)	
Guardianship Assistance Caseload.....	0.2
Information Technology Investments for BRIDGES (one-time).....	1.0
Fraud Prevention (one-time).....	1.0
Judiciary	
Mental Health and Drug Treatment Court Expansion.....	5.0
State Appellate Defender Staff Increase	0.1
Legislative Auditor General	
Funding Increase	0.3
Legislature	
Funding Increase	12.9
Military/Veterans Affairs	
Veterans Services Officers	0.6
Veterans Home Special Maintenance	0.5
Natural Resources	
New Conservation Officer School (25)	2.9
Conservation Officer Training (one-time).....	0.6
Replace Great Lakes Research Vessel (one-time)	2.0
State	
Michigan Transportation Fund Adjustment.....	0.6
Customer Document Services	0.5
State Police	
New Trooper School (107).....	11.0
Trooper School Support Costs (one-time).....	4.2
Mobile Computers Data Costs	1.9
Disaster/Emergency Response Contingency Fund (one-time)	4.0
Fleet Leasing Costs	1.1
Replacement of Response Support Vehicles	0.4
Technology, Management, and Budget	
State Building Authority Rent.....	1.7
Office of Retirement Services	0.8
Remove Old Escanaba River Bridge (one-time)	1.5
Regional Prosperity Grant Program (one-time)	5.0
Special Maintenance of State Facilities (one-time)	10.0
Treasury - Debt Service	
Great Lakes Water Quality Bond	9.4
Quality of Life Bond Payment	2.3
Clean Michigan Initiative Payments.....	2.9
Treasury - Operations	
Information Technology System Replacement.....	1.8
Payment in Lieu of Taxes Full Funding	0.5
Tax Administration	0.9
Information Technology Infrastructure	0.6
Treasury - Strategic Fund	
Facility for Rare Isotope Beams Bond Debt Service	5.0
Land Bank Blight Elimination (ongoing).....	4.5
Land Bank Blight Elimination (one-time).....	5.0
Land Bank Staffing.....	0.6
Arts and Cultural Grants	0.5
Job Creation Services Arts Grants Administration	0.5
Other Funding Increases in Budget Recommendation	0.8
TOTAL GF/GP FUNDING INCREASES.....	\$266.2

Table 13 provides the details of the \$217.2 million of GF/GP funding reductions in the Governor's FY 2013-14 budget. Of the \$217.2 million of GF/GP reductions, \$156.0 million or more than 70.0%, consists of appropriations that were designated as one-time for FY 2012-13: \$126.7 million for one-time grants in various departments and \$29.3 million for one-time State employee lump sum payments.

Table 13

FY 2013-14 GOVERNOR'S APPROPRIATION RECOMMENDATION GF/GP FUNDING ELIMINATIONS/REDUCTIONS (Millions of Dollars)	
Budget Area/Program	
Agriculture and Rural Development	
Remove Rural Value-Added Grants (one-time).....	(\$0.9)
Remove Food Safety Funding (one-time).....	(0.5)
Community Health	
Add Savings from Enhanced Medication Program	(2.8)
Reduce State Facility Funding to Reflect Diversions.....	(1.6)
Adjust Medicaid Payment Rates to Actual.....	(0.5)
Remove Harper/Hutzel Hospital Special Payment	(6.7)
Remove Health/Wellness Funding (one-time).....	(5.0)
Remove Graduate Medical Education Funding (one-time)	(1.5)
Remove CMH Special Populations Funding (one-time).....	(3.0)
Reduce Medicaid Computer Project Funding (one-time)	(0.7)
Corrections	
Remove Funding for Technology Projects (one-time)	(1.1)
Education	
Remove CMU Central Assessment Lending Library Funding (one-time)	(0.1)
Human Services	
Savings from Automated Child Welfare Information System.....	(3.2)
State Disability Assistance Caseload	(0.5)
Foster Care Caseload.....	(7.0)
Child Care Fund Expenditures.....	(5.3)
Remove Energy Assistance Funding (one-time)	(27.7)
Remove Inspector General IT Funding (one-time).....	(1.5)
Remove Seita Scholarship Funding (one-time).....	(0.8)
Remove Juvenile Justice Study (one-time)	(0.5)
Remove Medicaid Eligibility Review Funding (one-time).....	(0.3)
Judiciary	
Eliminate Judgeships	(0.4)
Licensing and Regulatory Affairs	
Remove Appropriation from Right to Work Laws	(2.0)
Military and Veterans Affairs	
Remove Special Maintenance Funding (one-time)	(2.4)
Remove Veterans' Homes Remodeling Funding (one-time).....	(2.1)
Remove Veterans Services Enhancement Funding (one-time)	(0.4)
Remove Data Upgrades Funding (one-time).....	(0.8)
Natural Resources	
Remove Dam Management Grant (one-time)	(2.0)
State	
Remove Commercial Driver License Certification Funding (one-time)	(0.6)
State Police	
Remove Michigan International Speedway Grant (one-time).....	(0.8)
Remove Trooper Equipment Replacement Funding (one-time).....	(1.6)
Remove Collins Road Rent (one-time).....	(0.4)

FY 2013-14 GOVERNOR'S APPROPRIATION RECOMMENDATION GF/GP FUNDING ELIMINATIONS/REDUCTIONS (Millions of Dollars)	
Technology, Management, and Budget	
Adjust Statewide Cost Allocation Plan (SWCAP)	(0.5)
Remove Special Maintenance/Space Consolidation Funding (one-time)	(17.0)
Remove Teacher Evaluation Project Funding (one-time).....	(4.0)
Transportation	
Remove GF/GP Federal Aid Match (one-time)	(23.0)
Treasury - Debt Service	
Change Water Pollution Bond Repayment Schedule	(0.9)
Treasury - Operations	
Eliminate Agriculture Loan Qualification Program	(15.0)
Reduce Dual Enrollment Funding	(9.0)
Remove Financial Accountability Supplemental.....	(5.8)
Remove Treasury Legal Services Funding (one-time)	(3.0)
Treasury - Strategic Fund	
Reduce Film Incentive Payments (one-time).....	(25.0)
Remove FY 2012-13 State Employee Lump Sum Payments (one-time)	(29.3)
TOTAL GF/GP FUNDING ELIMINATIONS/REDUCTIONS	(\$217.2)

The details of the \$42.7 million in fund shifts that increase and decrease GF/GP appropriations are listed in Table 14. The largest fund shift is \$59.8 million from GF/GP revenue to School Aid Fund revenue in the K-12 budget. In FY 2012-13, there is a \$282.4 million GF/GP grant to the School Aid Fund; the K-12 budget recommended by the Governor for FY 2013-14 includes an ongoing GF/GP grant to the School Aid Fund of \$180.0 million and a one-time GF/GP grant of \$50.0 million, for a total GF/GP grant of \$230.0 million.

Table 14

FY 2013-14 GOVERNOR'S APPROPRIATION RECOMMENDATION FUND SHIFTS TO INCREASE/(REDUCE) GF/GP (Millions of Dollars)	
<u>Budget Area/Program</u>	
Community Health	
Healthy Michigan Fund Shortfall	\$1.2
Decrease in Base Medicaid Match Rate	7.0
Senior Respite Care Revenue.....	(0.4)
Tobacco Settlement Dollars	(4.6)
Environmental Quality	
Replace Office of Great Lakes Revenue.....	0.5
Human Services	
Decrease in Base Medicaid Match Rate	0.2
TANF Fund Swap	(2.5)
Licensing and Regulatory Affairs	
Replace Revenue Lost from Exempting Veterans from Certain Fees	3.7
School Aid	
Shift from General Fund	(59.8)
State Police	
Replace Federal Funds	2.1
Treasury - Debt Service	
Refined Petroleum Fund Shift to General Fund	2.5
Treasury - Operations	
Business Attraction Fund Source Shift.....	5.5
Replace Land Bank Operations Fee Revenue.....	1.9
TOTAL GF/GP MAJOR FUND SHIFTS	(\$42.7)

State Employee Compensation Changes

Article XI, Section 5 of the Michigan Constitution provides that increases in the rates of compensation authorized by the Civil Service Commission require prior notice to the Governor, who then transmits the increases to the Legislature as part of the overall budget recommendation. Within 60 calendar days after the transmission, the Legislature, by a two-thirds vote of the members elected to and serving in each house, may reject or reduce increases in the rate of compensation authorized by the Civil Service Commission. Reductions made by the Legislature must apply uniformly to all classes of employees and cannot adjust pay differentials already established by the Civil Service Commission. Rates of compensation also cannot be reduced below those in effect at the time the increases are transmitted to the Legislature.

The FY 2013-14 recommendation includes the Civil Service Commission-approved FY 2013-14 agreement for employees who are exclusively represented by employee unions (AFSCME, MCO, MSEA, SEIU, and UAW). The Commission approved a 1.0% lump-sum payment effective October 1, 2013, for represented employees. Contracts continue to require represented employees to pay 20.0% of their health care premiums.

On December 12, 2012, the Civil Service Commission adopted a Coordinated Compensation Plan for non-exclusively represented State classified employees (NEREs) for FY 2013-14. Beginning on October 1, 2013, NEREs will receive a 1.0% general wage increase and no lump-sum payment. They also will continue to be required to pay an employee share of health insurance premiums of 20.0%.

Table 15 provides a summary of the incremental State employee cost increases for FY 2013-14 recommended in the Governor's budget, including employee salary increases of \$30.0 million. In addition, the State's portion of the cost of employee health insurance is estimated to increase by 1.2%, or \$10.6 million. The amount that needs to be contributed to the State employee retirement systems in FY 2013-14 results in significant cost increases in the FY 2013-14 budget. Retirement contribution increases will total \$120.5 million Gross and \$59.3 million GF/GP. Finally, OPEB costs for FY 2013-14 will be significantly less than the costs in FY 2012-13. Gross costs will total \$29.0 million, with \$14.4 million coming from the GF/GP budget. The total GF/GP impact for FY 2013-14 is an increase of \$96.0 million.

Table 15

FY 2013-14 STATE BUDGET RECOMMENDATION ECONOMIC INCREASES INCLUDED IN BUDGET (Millions of Dollars)		
	Gross	GF/GP
Wages and Salaries	\$30.0	\$14.7
Employee Insurance Costs	10.6	5.3
Retirement Contributions.....	120.5	59.3
OPEB.....	29.0	14.4
Workers' Compensation	(0.07)	0.2
All Other Economics	1.1	2.2
TOTAL ECONOMICS	\$191.0	\$96.0

SUMMARY OF OTHER MAJOR FY 2013-14 APPROPRIATION ISSUES

Revenue Sharing Payments

The Governor recommended over \$1.1 billion in FY 2013-14 for revenue sharing and incentive program payments to local units of government. This is an increase of \$39.5 million or 3.6% over FY 2012-13. This increase consists of the projected increase in constitutional revenue sharing of \$29.5 million for cities, villages, and townships (CVTs) and an increase of \$10.0 million for county revenue sharing and the County Incentive Program to cover the cost of counties that return to the revenue sharing program and thus also become eligible for the County Incentive Program. The Governor's recommended appropriations for revenue sharing in FY 2013-14 are shown in Table 16.

Table 16

REVENUE SHARING APPROPRIATION SUMMARY				
Ongoing & One-Time Appropriations	FY 2012-13 Year-to-Date	FY 2013-14 Gov's Rec.	Dollar Change	Percent Change
Constitutional Revenue Sharing	\$713,100,000	\$742,550,200	\$29,450,200	4.1%
Economic Vitality Incentive Program	225,000,000	225,000,000	0	0.0
County Incentive Program	26,120,000	28,120,000	2,000,000	7.7
County Revenue Sharing	104,480,000	112,480,000	8,000,000	7.7
Competitive Grant Assistance Program.....	15,000,000	15,000,000	0	0.0
TOTAL	\$1,083,700,000	\$1,123,150,200	\$39,450,200	3.6%

Constitutional revenue sharing for CVTs is the largest part of the revenue sharing program. It is estimated to rise from \$713.1 million in FY 2012-13 to \$742.6 million in FY 2013-14, an increase of 4.1% based on the January consensus revenue estimates. The Constitution requires the distribution of 15.0% of the revenue from the sales tax levied at 4.0% to CVTs on a per-capita basis.

The Governor recommended \$112,480,000 in FY 2013-14 for county revenue sharing, an increase of \$8.0 million. An eligible county is a county that has exhausted its revenue sharing reserve fund created by acceleration of property tax collections in FY 2003-04. When a county has exhausted that reserve by making the required withdrawals, it returns to State-paid county revenue sharing, which increases State costs. The proposed increase of \$8.0 million would cover the projected cost of 11 counties that re-entered revenue sharing for a part-year in FY 2012-13 and will receive their first full year of county revenue sharing payments in FY 2013-14. The increase also would cover the cost of a county that is projected to re-enter county revenue sharing in FY 2013-14. Payments to other counties would remain the same as in FY 2012-13 and payments to all counties would be prorated at the same rate as in FY 2012-13. The Governor also recommended \$28,120,000 in FY 2013-14 for the County Incentive Program, an increase of \$2.0 million. Similar to the situation with county revenue sharing, this increase would cover the estimated cost of counties that become eligible in FY 2013-14 for payments under the incentive program. In total, revenue sharing and incentive payments to counties would be \$140.6 million in FY 2013-14 under the Governor's recommendation. This would be \$41.7 million below the estimated \$182.3 million needed to fund the county revenue sharing formula in FY 2013-14.

Funding for the Economic Vitality Incentive Program (EVIP) for CVTs would remain the same under the Governor's recommendation, which would provide \$225.0 million in FY 2013-14.

The Economic Vitality Incentive Program and the County Incentive Program requirements would be revised in each of the three program categories. For Category 1, accountability and transparency, the requirements would specify that debt service reporting consists of a statement of issuance dates, issuance amounts, and a listing of annual debt service payments. Category 2, consolidation

of services, would require participants to report on the status of all previous proposals and add a new proposal for consolidation, collaboration, or cooperation with estimated potential savings and a timeline for implementation. Category 3, employment compensation, would require each participant to certify *both* that it has an employee compensation plan that it intends to implement with any new, modified, or extended employee contract or employment agreement that meets specific parameters with respect to retirement plans and health care premiums, *and* that it is in compliance with the Publicly Funded Health Insurance Contribution Act, Public Act 152 of 2011, or that it does not offer medical insurance to employees or elected officials.

The Competitive Grant Assistance Program would remain at \$15.0 million in FY 2013-14, the same amount as in FY 2012-13. The Governor would allocate \$7.5 million for projects to combine public safety operations. The Governor also recommended expanding eligibility for the program to authorities that combine operations with a CVT or county. Currently, CVTs, counties, school districts, and intermediate school districts (ISDs) are eligible. School districts and ISDs, as proposed for authorities, are eligible only when they combine operations with another local unit of government.

School Aid Recommendations

School Aid K-12 Gross spending for FY 2013-14 is proposed to increase \$318.0 million from revised FY 2012-13 levels, which equates to a 2.5% increase. Within the total spending, State spending in the School Aid budget is recommended to increase by \$254.7 million compared to FY 2012-13 revised appropriation levels, which represents a 2.3% increase. Federal funding in the budget would increase by roughly \$63.4 million. Also, GF/GP support of the K-12 budget would decline from \$282.4 million to \$230.0 million, and a new \$150.0 million withdrawal from the Michigan Public School Employees' Retirement System (MPERS) reforms reserve fund is proposed to balance the budget.

Most of the increase in State spending would pay for the cost of keeping the employer retirement contribution rate relatively flat, at an increased cost of \$242.8 million compared to the revised recommended level for FY 2012-13. Public Act 300 of 2012 established a cap on the amount of contributions made by local employers (K-12 schools, intermediate school districts, community colleges, and libraries) to pay for unfunded liabilities in MPERS. Any required contributions above the cap are required to be paid for in an appropriation. For FY 2013-14, the cost of maintaining the rate cap for schools and ISDs increases by \$242.8 million, to total funding of \$403.3 million.

Early childhood funding also would see an increase in the Governor's budget, where the proposal is to increase Great Start Readiness Program (GSRP) funding by \$65.0 million (a 59% increase), which would fund an additional 16,000 placements for at-risk four-year-olds and increase the per-pupil half-day payment from \$3,400 to \$3,625. The Governor proposes another \$65.0 million increase in the planning budget for FY 2014-15.

For the foundation allowance, the Governor's budget includes a one-time payment in FY 2013-14 for districts with funding below \$7,000 per pupil. The budget refers to this as an equity payment, but it is not built into the base funding in the Governor's planning budget for FY 2014-15, and instead is regarded as one-time. Therefore, if enacted as proposed, districts would receive one-time funding to ensure that they received \$7,000 per pupil in FY 2013-14, but then would return to prior funding levels the following year. (Minimum funding is currently \$6,966 per pupil.) This categorical expenditure would be appropriated at \$24.0 million.

Significant reductions in FY 2013-14 are proposed for some programs. Best practices funding would be reduced from \$80.0 million to \$25.0 million; technology improvement grants reduced from \$50.0 million to \$13.5 million; one-time consolidation incentive grants would be eliminated (\$10.0 million); and no further deposits are recommended for the MPSERS reforms reserve fund (\$41.0 million in FY 2012-13). District performance funding would remain flat at \$30.0 million.

Two new programs are proposed: an \$8.0 million one-time investment in competitive student-centric grants and \$10.0 million to the Michigan Virtual University to catalogue and benchmark online courses, as well as broaden and enhance blended learning opportunities, among other digital learning initiatives.

Transportation Investment Package

The Governor's FY 2013-14 budget recommendation includes a comprehensive transportation package that would provide \$1.2 billion in additional revenue for the Michigan Department of Transportation. This additional revenue primarily would be used to repair or replace the State's infrastructure of roads and bridges. The State's current transportation network is primarily funded through fees on its users in the form of gasoline taxes and vehicle registration fees. The Governor's proposal would increase these taxes and fees to raise the estimated \$1.2 billion in additional revenue, as follows:

1) Increase the gasoline tax from 19 cents to 33 cents.....	\$598.7 million
2) Increase the diesel fuel tax from 15 cents to 33 cents.....	\$129.0 million
3) Increase vehicle, truck, and trailer registration fees (25% increase for trucks and trailers; 60% increase for light vehicles).....	<u>\$508.3 million</u>
Total	\$1,236.0 million

The Governor also is proposing changes to the distribution formulas used to allocate revenue to different transportation funds, agencies, and projects. Certain funds, such as the Transportation Economic Development Fund, would be eliminated. The Governor's proposal would create two new funds and would create a new "baseline" allocation formula to replace the current statutory formulas for allocating revenue to the State Trunkline Fund and local road agencies.

In addition, the Governor proposes a local registration fee option whereby each of Michigan's 83 counties would be given the option of raising additional revenue for specific local transportation projects. Subject to local voter approval, counties could raise vehicle registration fees by up to 0.18% of the vehicle list price. If collected by every county, this additional fee is estimated to raise up to \$280.0 million in additional revenue for local entities. The fee would be collected by the Secretary of State at the time of vehicle registration or renewal and the revenue then remitted to each county collecting the fee.

Debt Service Adjustments

Table 17 provides a summary of recommended debt service appropriations for FY 2013-14. These include *Durant* bonds and School Bond Loan Fund bonds in K-12 School Aid; State Building Authority bonds appropriated in the Department of Technology, Management, and Budget; various transportation-related bonds in the Department of Transportation; general obligation bonds in the Department of Treasury; and new debt service costs related to the Facility for Rare Isotope Beams. Gross appropriations for debt service on these bonds total \$833.6 million for FY 2013-14. This represents a \$36.5 million (4.6%) increase from the \$797.1 million debt service appropriations in FY 2012-13. New costs result from additional bonding under the Great Lakes Initiative due to enacted changes for the Strategic Water Quality Initiative Fund, debt service to fund the

community share of costs for the MSU Facility for Rare Isotope Beams, and scheduled payments based on existing bond issues.

Table 17

DEBT SERVICE APPROPRIATIONS¹⁾				
FY 2013-14 COMPARED WITH FY 2012-13				
Department/Program	FY 2012-13 Gross Appropriation	FY 2013-14 Gross Appropriation	Dollar Change	Percent Change
School Aid				
Durant Bonds	\$39,000,000	\$39,500,000	\$500,000	1.3%
School Bond Loan	120,390,000	131,660,000	11,270,000	9.4
Subtotal Education	\$159,390,000	\$171,160,000	\$11,770,000	7.4%
DTMB State Building Authority Rent				
State Agencies	68,305,800	70,005,800	1,700,000	2.5
Department of Corrections	47,379,900	47,379,900	0	0.0
Universities	117,225,300	117,225,300	0	0.0
Community Colleges	23,959,600	23,959,600	0	0.0
Subtotal DTMB	\$256,870,600	\$258,570,600	\$1,700,000	0.7%
Transportation				
State Trunkline	199,473,700	199,738,200	264,500	0.1
Economic Development	9,115,900	10,003,400	887,500	9.7
Local Bridge Fund	3,261,700	2,406,300	(855,400)	(26.2)
Blue Water Bridge Fund	5,950,200	6,962,500	1,012,300	17.0
Aeronautics	3,892,600	3,892,200	(400)	(0.0)
Comprehensive Transportation	18,580,400	19,318,500	738,100	4.0
Subtotal Transportation	\$240,274,500	\$242,321,100	\$2,046,600	0.9%
Treasury				
Water Pollution Control Bond	2,054,000	1,132,700	(921,300)	(44.9)
Quality of Life Bond	77,694,800	79,965,800	2,271,000	2.9
Clean Michigan Initiative	54,300,900	57,187,400	2,886,500	5.3
Great Lakes Water Initiative	6,505,200	15,916,600	9,411,400	144.7
Facility For Rare Isotope Beams (MSF)	0	7,300,000	7,300,000	---
Subtotal Treasury	\$140,554,900	\$161,502,500	\$20,947,600	14.9%
TOTAL	\$797,090,000	\$833,554,200	\$36,464,200	4.6%

¹⁾ Amounts do not include debt service for bonds issued to pay off Federal unemployment insurance loans.

Fee Adjustments

The FY 2013-14 budget proposes \$490.4 million in total fee adjustments. Of the total fee changes proposed, \$85.1 million would be from new fees or fee increases, while \$5.3 million would come from the delay of seven sunsets in fee legislation that would allow the fees to be maintained at their current levels. The largest numbers of fee adjustments are in the Departments of Community Health, Environmental Quality, and Natural Resources, but the largest new fee is the Department of Human Services' low-income energy assistance fund fee, which would replace a fee previously collected through a customer fee on utility bills. The Governor's FY 2013-14 budget also assumes passage of legislation that would continue the Health Insurance Claims Assessment (HICA) on health insurers' paid claims, and increase the HICA rate in an unspecified way to achieve a revenue level of \$400.0 million. Table 18 provides a summary of the proposed fee changes.

Table 18

FY 2013-14 GOVERNOR'S RECOMMENDATION PROPOSED FEE ADJUSTMENTS INCLUDED IN BUDGET (Actual Dollars)		
Department	Fee Type	Estimated Revenue
Fee Increases and New Fees		
Community Health	Vital Records Fees (Increase)	\$1,500,000
Community Health	Emergency Medical Services Fees (Increase)	1,000,000
Community Health	Certificate of Need Fees (Increase)	700,000
Community Health	Newborn Screening Fees (Increase)	605,000
Environmental Quality	Hazardous Waste Management Fees (Increase)	2,500,000
Human Services	Low-Income Energy Assistance Fund Fee (New)	60,000,000
Natural Resources	Hunting and Fishing Licenses (Increase)	11,400,000
Natural Resources	Off-Road Vehicle License (Increase)	1,500,000
Natural Resources	Off-Road Vehicle State Trail Fee (New)	1,200,000
State	Record Look-Up Fee (Increase)	4,700,000
Subtotal New and Increased Fees		\$85,105,000
Maintenance of Current Fee Levels		
Environmental Quality	Environmental Pollution Prevention Fund (six fees)	\$1,000,000
Environmental Quality	Solid Waste Surcharge	4,300,000
Subtotal Fee Sunsets		\$5,300,000
Sunset Delay and Increased Fee Rate		
Community Health	Health Insurance Claims Assessment	\$400,000,000
Subtotal HICA		\$400,000,000
TOTAL ALL FEE ADJUSTMENTS		\$490,405,000

Employer Retirement Contribution Rates

A significant aspect of the State budget, as well as the budgets of K-12 school districts and community colleges, is the amount employers are required to pay into the retirement accounts of their employees. The Governor's budget includes the required employer contribution rates to the State Employees' Retirement System (SERS) and the Michigan Public School Employees' Retirement System (MPERS). Public Act 300 of 2012 implemented a cap on the rate local employers in MPERS will pay toward the unfunded accrued liabilities in the system, with any required payments above that cap to be made by an appropriation.

Table 19 provides a three-year summary of the contribution rates for defined benefit (DB) and defined contribution (DC) retirement for SERS. Beginning in FY 2012-13, the unfunded accrued liability in SERS was spread across both DB and DC payroll, rather than just the declining DB payroll as had been in place previously. Also, beginning in FY 2011-12, the funding methodology for retiree health care was changed from a cash basis to a prefunding basis, requiring larger contributions up front in order to save money down the road.

Table 19

STATE RETIREMENT CONTRIBUTION RATES AS A PERCENTAGE OF PAYROLL				
	FY 2011-12	FY 2012-13	FY 2013-14	FY 2013-14 Change
<u>State Employees' Retirement System</u> ¹⁾				
Defined Benefit Pension	37.15%	23.94%	26.04%	2.10%
Defined Benefit Health Care	23.00%	23.60%	24.19%	0.59%
Total Defined Benefit Costs	60.15%	47.54%	50.23%	2.69%
Defined Contribution Retirement	6.25%	25.55%	29.78%	4.23%
Defined Contribution Health Care	23.00%	23.60%	24.19%	0.59%
Total Defined Contribution Costs	29.25%	49.15%	53.97%	4.82%
¹⁾ Public Act 264 of 2011 required the unfunded accrued liability to be spread across both DB and DC payroll. Also, FY 2013-14 will be the third year of prefunding retiree health.				

Table 20 provides a look at the FY 2013-14 contribution rates for the seven different retirement plan combinations in MPSERS. Before the significant MPSERS reforms enacted in 2010 and 2012, there were two principal types of retirement plans available to school employees, based on hire date: the basic system and the Member Investment Plan (MIP) system. Since the passage of the reforms that began in 2010, there are now seven combinations of retirement and retiree health care plans in MPSERS, including the earlier basic and MIP plans (no longer available to new hires), the Pension Plus hybrid plan (available since July 2010), and a straight defined contribution plan (available since September 2012). Retiree health care for employees first hired since September 4, 2012, is now strictly a personal health fund (401k or similar savings account) and does not contain any health care premium subsidy. All employees hired before September 4, 2012, also were given an opportunity to "cash out" the value of their health care premium subsidy and convert to a personal health fund. Similar to one of the SERS reforms, prefunding of retiree health care is now a component of MPSERS.

Public Act 300 of 2012 capped the local employer contribution rate for unfunded liabilities at roughly 21% of payroll (the FY 2011-12 amount), and the State is required to make an appropriation for any liabilities above that amount. The "normal" cost for pension and retiree health care can fluctuate slightly from year to year. The maximum total employer cost for FY 2013-14 under any of the seven plans is between roughly 25% and 27% of payroll, depending on the plan and employee DC contributions, which is very close to the cost to local employers for FY 2012-13. The State subsidy is roughly 4.6% of MPSERS payroll, or about \$434.7 million.

Table 21 outlines the FY 2013-14 estimated contributions to SERS and MPSERS by the State and local employers. The total combined cost of the estimated employer (State and local) contributions is \$4.4 billion.

Table 20

FY 2013-14 MPSERS EMPLOYER CONTRIBUTION RATES

	Basic/MIP with Premium Subsidy	Pension Plus with Premium Subsidy	Pension Plus PHF	Pension Plus to DC with PHF	Basic/MIP to DC with Premium Subsidy	Basic/MIP to DC with PHF	Basic/MIP with PHF
<u>Pension Contributions</u>							
Pension Normal Cost	2.90%	2.67%	2.67%	0.00%	0.00%	0.00%	2.90%
Pension UAL	14.08	14.08	14.08	14.08	14.08	14.08	14.08
Pension Early Retirement Incentive	1.36	1.36	1.36	1.36	1.36	1.36	1.36
Pension Total Rate	18.34%	18.11%	18.11%	15.44%	15.44%	15.44%	18.34%
<u>Health Contributions</u>							
Health Normal Cost	0.93%	0.93%	0.00%	0.00%	0.93%	0.00%	0.00%
Health UAL	5.52	5.52	5.52	5.52	5.52	5.52	5.52
Health Total Rate	6.45%	6.45%	5.52%	5.52%	6.45%	5.52%	5.52%
DB CONTRIBUTION TOTAL	24.79%	24.56%	23.63%	20.96%	21.89%	20.96%	23.86%
<u>DC Contributions</u>							
DC Employer Contributions	0.00%	1.00%	1.00%	3.00%	4.00%	4.00%	0.00%
Personal Health Care Fund	0.00	0.00	2.00	2.00	0.00	2.00	2.00
DC CONTRIBUTION TOTAL	0.00%	1.00%	3.00%	5.00%	4.00%	6.00%	2.00%
<u>Total Uncapped Rate</u>	29.35%	29.12%	28.19%	25.52%	26.45%	25.52%	28.42%
State Subsidy	4.56%	4.56%	4.56%	4.56%	4.56%	4.56%	4.56%
Note: The Governor's budget includes \$403.3 million in the K-12 budget, \$31.4 million in the Community Colleges budget, and \$1.3 million in the Department of Education budget to pay the State subsidy for the rate cap.							

Source: State Budget Office

Table 21

FY 2013-14 ESTIMATED CONTRIBUTIONS TO TWO LARGEST RETIREMENT SYSTEMS	
	Millions of Dollars
<u>State Employees' Retirement System</u> ¹⁾	
Defined Benefit Pension	\$349.0
Defined Contribution	521.0
Health Care	<u>743.6</u>
Subtotal State Employees' Retirement System ²⁾	\$1,613.6
<u>Michigan Public School Employees' Retirement System</u> ³⁾	
<u>Local Share</u>	
Defined Benefit Pension	\$1,728.0
Health Care	<u>602.0</u>
Subtotal Public School Employees' Retirement System (Local)	\$2,330.0
<u>State Share</u>	
Unfunded Accrued Liabilities (Pension and Health)	\$434.7
Subtotal Michigan Public School Employees' Retirement System	<u>\$2,764.7</u>
TOTAL ESTIMATED RETIREMENT CONTRIBUTIONS	<u>\$4,378.3</u>
FY 2013-14 Estimated Subsidy Per Pupil on Average	\$250
¹⁾ Public Act 264 of 2011 required the unfunded accrued liability to be spread across both DB and DC payroll. Also, FY 2013-14 will be the third year of prefunding retiree health. ²⁾ Excludes FICA, which totals approximately \$230.0 million. ³⁾ Excludes DC contributions.	

Tobacco Settlement Revenue and Appropriations

When the FY 2012-13 budget was being developed, it was estimated that the State of Michigan would receive approximately \$249.0 million during the fiscal year as a result of the master settlement agreement between the United States tobacco industry and 46 states. This revenue is deposited in the Michigan Merit Award Trust Fund. The first column of Table 22 provides a summary of the disposition of that revenue, which would have resulted in a year-end balance in the Trust Fund of \$676,200.

After the enactment of the FY 2012-13 budget, the State Attorney General's Office, along with other states' attorneys general, continued to negotiate with certain tobacco companies that had been withholding annual tobacco settlement payments to the states due to legal issues. It appears that these negotiations may lead to a release to the State of Michigan during FY 2012-13 of \$177.5 million in disputed payments. This payment release would be coupled with a settlement credit to tobacco manufacturers of \$88.2 million, for a net one-time gain to the State of \$89.3 million. The Governor's budget recommends using \$29.8 million of that revenue to offset a portion of the projected FY 2012-13 Health Insurance Claims Assessment (HICA) revenue shortfall. After the HICA revenue offset, there would be a projected year-end balance in the Merit Award Trust Fund of \$67.2 million, which the Governor recommends be carried forward into FY 2013-14.

Table 22

**TOBACCO SETTLEMENT REVENUE AND APPROPRIATIONS
FY 2012-13 COMPARED TO FY 2013-14 GOVERNOR'S RECOMMENDATION
(Actual Dollars)**

	FY 2012-13 Year-To-Date	Adjusted FY 2012-13 Year-To-Date	FY 2013-14 Gov's Rec.	Gov's Rec. Change From Adjusted Year-to-Date
Revenue				
Unreserved Balance From Prior Fiscal Year	\$647,900	\$647,900	\$67,206,500	\$66,558,600
Total Annual Payments	286,066,100	286,066,100	283,319,200	(2,746,900)
Assumed Withheld Payments	(37,598,200)	0	0	0
Settlement Credit to Manufacturers/Adjustments	0	(88,154,600)	(28,167,500)	59,987,100
State Share of Disputed Payments	0	177,451,000	0	(177,451,000)
Interest Earnings	40,000	70,000	60,000	(10,000)
Total Tobacco Settlement Revenue	\$249,155,800	\$376,080,400	\$322,418,200	(\$53,662,200)
Less Transfers Out For:				
21st Century Jobs Trust Fund	(\$75,000,000)	(\$75,000,000)	(\$75,000,000)	\$0
Payment on 2006 Bond Securitization	(33,145,600)	(50,073,400)	(34,037,200)	16,036,200
Payment on 2007 Bond Securitization	(26,760,000)	(40,426,500)	(27,479,800)	12,946,700
Total Transfers Out	(\$134,905,600)	(\$165,499,900)	(\$136,517,000)	\$28,982,900
Net Revenue To Merit Award Trust Fund	\$114,250,200	\$210,580,500	\$185,901,200	(\$24,679,300)
Appropriations				
<u>Attorney General</u>				
Administration	\$463,100	\$463,100	\$487,300	\$24,200
<u>Community Health</u>				
Medicaid Base	76,733,500	76,733,500	81,766,000	5,032,500
Aging: Respite Care	4,468,700	4,468,700	4,068,700	(400,000)
<u>Higher Education</u>				
Tuition Incentive Program	30,100,000	30,100,000	30,100,000	0
<u>State Police</u>				
Tobacco Tax Enforcement	716,200	716,200	750,000	33,800
<u>Department of Treasury</u>				
Student Financial Services Administration	1,092,500	1,092,500	1,123,700	31,200
Total Merit Award Trust Fund Approps.	\$113,574,000	\$113,574,000	\$118,295,700	\$4,721,700
Supplemental to Offset HICA Revenue Shortfall	\$0	\$29,800,000	\$0	(29,800,000)
Merit Award Trust Fund Year-End Balance	\$676,200	\$67,206,500	\$67,605,500	\$399,000

Source: State Budget Office

ECONOMIC AND REVENUE FORECAST

The Governor's proposed budget for FY 2013-14 is based on the consensus economic forecast adopted at the January 11, 2013, Consensus Revenue Estimating Conference. This economic forecast is summarized in Table 23.

U.S. Economy

Since the 2008-2009 recession, generally regarded as the most severe economic contraction in more than 70 years, the economy has grown slowly and many fundamental elements of the economy remain well below their prerecession peaks, or even below historical averages. Based on advance data for the fourth quarter of 2012, inflation-adjusted Gross Domestic Product (GDP) in the fourth quarter of 2012 was only 2.5% above the level during the fourth quarter of 2007, when the recession began, and only 7.5% above the level in the second quarter of 2009, when the economy finished contracting. As a result, the economy has averaged only 2.1% annual growth since the end of the recession, compared with an average of 3.3% annual growth over the 1960-2007 period, and 3.8% average annual growth over the 1991-1999 period. Consumption has grown somewhat, averaging annual growth of 2.1%, but this growth has been partially offset by the contracting state and local government sector, which has declined at about the same rate. Inventory (goods produced but not sold) increases also have increased growth, but while inventory accumulation is generally regarded as good if it is intended, without increased consumption to support the additional production, inventory increases do not represent a sustainable way to expand the economy.

Consumption growth has remained weak for a variety of reasons, and many of the increases have reflected increased purchases of motor vehicles. Consumers have remained risk-averse about spending, especially for big-ticket items and nonessential purchases, as employment growth has remained weak and wage increases have been negligible. Compared with 2011, retail sales are growing more rapidly in sectors associated with housing, such as building materials, furniture, and appliances, but less rapidly in sectors such as grocery stores, general merchandise, and personal care. Despite these shifts in the composition of consumer spending, spending is still rising at a faster rate than wage and salary income.

The housing market improved substantially in 2012, although it remains weak by almost any historical measure. Housing starts rose 28.1% from the 2011 level during 2012, but 2012 still represents the fourth-weakest year of housing starts (based on data available back to 1959) and is 23.1% below the lowest year before the 2008-2009 recession. Furthermore, the housing starts that are occurring have lower inflation-adjusted values than those before the recession.

Despite the improvements in the economy, a number of fundamental indicators still exhibit limited, if any, improvement. Despite payroll employment gains during 2012, January 2013 employment remained 3.2 million jobs (2.3%) below the January 2008 peak, and employment has averaged only 1.4% annual growth since the February 2010 trough. While manufacturing employment increased 4.1% between February 2010 and March 2012, it has remained flat since then and is still down approximately 1.8 million jobs from the beginning of the recession in December 2007.

Personal income increased at a 4.0% annual rate between the second quarter of 2009 and the first quarter of 2012, but rose at only a 2.6% annual rate between the first and third quarters of 2012. Consumption growth since the end of 2011 appears to have been driven by increased borrowing, with outstanding consumer debt rising 5.6% since December 2011 and at an annual rate of 6.9% during August, September, and October 2012. Inflation-adjusted consumer debt per person rose at an annual rate of 3.3% between the fourth quarter of 2011 and the third quarter of 2012, compared with growth in personal income per person of 1.4%.

Inflation-adjusted GDP is expected to increase at a rate of 1.9% in 2013, down from a 2.2% increase in 2012, before increasing at a 2.6% rate in 2014. The unemployment rate is estimated to decline from 8.1% in 2012 to 7.8% in 2013 and 7.5% in 2014. Housing starts are expected to exhibit strong growth in 2013 and 2014, rising from 771,000 starts in 2012 to 1.04 million in 2013 and 1.29 million in 2014, while light vehicle sales are expected to increase from 14.4 million units in 2012 to 15.0 million units in 2013 and 15.4 million units in 2014. However, even with such increases, light vehicle sales in 2014 would still be 4.3% below the 2007 level.

Michigan Economy

Like the national economy, Michigan's economic activity also was very weak in 2009 and 2010. Wage and salary employment declined 7.0% from the 2008 level in 2009, marking nine consecutive years that wage and salary employment declined from the previous year's level, and the loss of 289,900 jobs in 2009 represented the largest one-year loss of payroll jobs since the Great Depression. Between the June 2000 peak and the September 2009 trough, Michigan lost 860,100 jobs, a decline of 18.3%.

Since 2010, however, the Michigan economy has grown. Payroll employment increased 1.9% in 2011 and an estimated 1.3% in 2012. After falling 6.3% during 2009, personal income increased 3.1% during 2010, 5.6% in 2011, and an estimated 3.4% in 2012.

In 2013 and 2014, Michigan's economy is expected to improve, although at a slower pace than in 2012. Wage and salary employment will rise 0.9% in 2013 and 1.2% in 2014. The unemployment rate is expected to decline from 8.9% in 2012 to 8.8% in 2013 and 8.2% in 2014. Personal income, adjusted for inflation, will grow an estimated 0.8% in 2013 and an additional 2.5% in 2014. Inflation, as measured by the Detroit Consumer Price Index, will be 1.7% in 2013 and 1.8% in 2014.

Revenue Estimates

Based on the economic forecast summarized above, combined with the tax restructuring legislation enacted in 2011 and the Governor's proposed revenue adjustments, it is estimated that revenue totaling \$51.8 billion will be available in FY 2013-14 to support Governor Snyder's proposed budget. This represents a 5.1% increase from the revised estimate of the total revenue that the Governor expects will be available for FY 2012-13. Estimates of the total revenue on which the Governor's proposed budget is based are summarized in Table 24.

The Governor did not recommend any tax policy changes for FY 2013-14 other than an increase in both motor fuel taxes and vehicle registration fees, which would increase restricted revenue directed to the Michigan Transportation Fund. Following are summaries of the revenue estimates on which the Governor's proposed General Fund/General Purpose and School Aid Fund budgets are based.

Table 23

CONSENSUS ECONOMIC FORECAST

JANUARY 11, 2013

	Calendar 2011 Actual	Calendar 2012 Forecast	% Change From Prior Year	Calendar 2013 Forecast	% Change From Prior Year	Calendar 2014 Forecast	% Change From Prior Year
United States:							
Real Gross Domestic Product (billions of chained 2005 dollars)	\$13,299	\$13,592	2.2%	\$13,850	1.9%	\$14,210	2.6%
Consumer Price Index (1982-84=100)	224.9	229.6	2.1%	233.8	1.9%	238.3	1.9%
3-Month Treasury Bills (Interest Rate, %).....	0.1%	0.1%		0.1%		0.1%	
Unemployment Rate (%).....	8.9%	8.1%		7.8%		7.5%	
Light Vehicle Sales (millions of units)	12.7	14.4	13.6%	15.0	4.0%	15.4	2.7%
Michigan:							
Wage and Salary Employment (thousands)	3,936	3,987	1.3%	4,023	0.9%	4,071	1.2%
Unemployment Rate (%).....	10.3%	8.9%		8.8%		8.2%	
Personal Income (billions of dollars).....	\$358,152	\$370,329	3.4%	\$379,958	2.6%	\$396,296	4.3%
Real Personal Income (billions of 1982-84 \$s).....	\$169,131	\$171,600	1.5%	\$173,034	0.8%	\$177,354	2.5%
Detroit Consumer Price Index (1982-84=100).....	211.8	215.8	1.9%	219.6	1.7%	223.4	1.8%

Source: Consensus Revenue Agreement, Executive Summary, January 11, 2013

Table 24

**GOVERNOR'S PROJECTED TOTAL STATE REVENUE:
FY 2011-12 THROUGH FY 2013-14
(Millions of Dollars)**

Fund	FY 2011-12 Final	FY 2012-13 Estimate	% Change FY 2012-13/ FY 2011-12	FY 2013-14 Estimate	% Change FY 2013-14/ FY 2012-13
General Fund/General Purpose:					
Beginning Balance.....	\$553.7	\$979.2	---	\$285.1	---
Revenue From Ongoing Sources ¹⁾	9,265.2	8,792.2	(5.1%)	9,264.4	5.4%
Proposed Tax/Fee Changes	0.0	0.0	---	0.0	---
One-Time Revenue Adjustments & Other	(230.7)	(369.4)	60.1	(312.6)	(15.4)
Total GF/GP Revenue.....	\$9,588.2	\$9,402.0	(1.9%)	\$9,236.9	(1.8%)
School Aid Fund:					
Beginning Balance.....	\$724.7	\$254.1	---	\$49.9	---
Ongoing Earmarked Tax & Lottery Revenue ¹⁾	10,878.7	11,127.7	2.3%	11,432.5	2.7%
Proposed Tax/Revenue Changes	0.0	0.0	---	0.0	---
Federal Aid (including ARRA).....	1,819.0	1,701.0	(6.5)	1,764.4	3.7
Other Revenue (General Fund grant, etc.).....	144.1	282.4	96.0	387.8	37.3
Total SAF Revenue.....	\$13,566.5	\$13,365.2	(1.5%)	\$13,634.6	2.0%
Other Funds:					
Gen'l Fund/Special Purpose & Special Revenue Funds ...	\$6,888.8	\$5,142.0	(25.4%)	\$5,357.2	4.2%
Federal Aid (not included elsewhere).....	14,645.5	16,991.4	16.0	17,853.6	5.1
Transportation Funds	3,991.1	4,172.8	4.6	6,661.3	59.6
Fund Balances:					
Restricted Gen'l Fund Subfunds Unreserved Balances	665.4	530.5	(20.3)	530.5	0.0
Special Revenue Fund Balances	211.2	927.8	339.3	1,109.8	19.6
Total Fund Balances.....	876.6	1,458.3	66.4	1,640.4	12.5
Total Other Funds with Beginning Balance	26,402.0	27,764.5	5.2	31,512.4	13.5
Gross Revenue	\$49,556.7	\$50,531.7	2.0%	\$54,383.9	7.6%
Less Interfund Transfers.....	(1,270.3)	(1,214.4)	(4.4)	(2,574.0)	112.0
Net Total Revenue	\$48,286.3	\$49,317.3	2.1%	\$51,810.0	5.1%

¹⁾ Estimates adopted at the January 11, 2013, Consensus Revenue Estimating Conference.

Source: Governor's Executive Budget for FY 2013-14, Appendix C, State Budget Office Balance Sheets, and Senate Fiscal Agency

General Fund/General Purpose and School Aid Fund

The General Purpose portion of the General Fund (GF/GP) and the School Aid Fund (SAF) portions of the overall State budget account for \$22.9 billion, or 44.2%, of the total State government revenue estimated for FY 2013-14. Detailed estimates of GF/GP and SAF revenue for FY 2012-13 and FY 2013-14 are presented in Table 25 and Table 26, respectively. The estimates for GF/GP and SAF revenue derived from ongoing revenue sources and enacted tax policy changes are the consensus estimates adopted by the Administration, Senate Fiscal Agency, and House Fiscal Agency at the January 11, 2013, Consensus Revenue Estimating Conference. In addition to the consensus estimates, the total GF/GP and SAF revenue estimates include the Administration's initial estimates of one-time revenue adjustments, grants and transfers, Federal aid, beginning carry-over balances, and the impact of the 2011 enacted tax restructuring.

General Fund/General Purpose Revenue

As shown in Table 25, GF/GP revenue is expected to total \$9.2 billion in FY 2013-14, which represents a 1.8% decrease from the revised FY 2012-13 estimate. This decline in total GF/GP revenue is attributable to a \$694.1 million reduction in the projected carry-over balance from the prior fiscal year and increases in revenue sharing payments that more than offset growth in revenue from ongoing sources. Revenue from ongoing sources is forecast to increase 5.4% in FY 2013-14, to \$9.3 billion.

School Aid Fund

School Aid Fund revenue available for spending in FY 2013-14 will total an estimated \$13.6 billion, representing a 2.0% increase from the revised estimate for FY 2012-13. This projected increase in SAF revenue reflects growth in revenue from ongoing sources more than offsetting the \$204.2 million decline in the balance carried forward from the prior fiscal year and a \$52.4 million decline in the grant from the General Fund. The estimate of SAF revenue in FY 2013-14 is summarized in Table 26. The SAF revenue estimate for FY 2013-14 includes ongoing earmarked tax and lottery revenue totaling an estimated \$11.4 billion, which is 2.7% above the revised estimate for FY 2012-13. In addition, the SAF revenue estimate for FY 2013-14 includes Federal aid totaling \$1.8 billion, as well as proposals to use \$150.0 million in revenue from the MPSERS Retirement Obligation Reform Reserve Fund and to make changes to the lottery that would generate \$7.8 million.

Table 25

GENERAL FUND/GENERAL PURPOSE REVENUE ESTIMATES: FY 2012-13 AND FY 2013-14
(Millions of Dollars)

	FY 2012-13	FY 2013-14	Percent Change
Beginning Balance	\$979.2	\$285.1	(70.9%)
Consensus Estimates for Ongoing Revenue Sources ¹⁾			
Taxes:			
Net Income Tax	5,520.2	5,776.1	4.6
Michigan Business Tax.....	(623.4)	(605.4)	(2.9)
Corporate Income Tax.....	945.0	980.0	3.7
Sales	1,014.6	1,156.8	14.0
Use.....	847.6	901.3	6.3
Cigarette	190.2	187.4	(1.5)
Beer and Wine/Liquor.....	94.9	95.9	1.1
Insurance Company Premiums	307.0	319.0	3.9
Oil/Gas Severance.....	53.0	55.0	3.8
Telephone & Telegraph	59.0	59.0	0.0
All Other Taxes.....	6.0	10.0	66.7
Subtotal Taxes.....	8,414.1	8,935.2	6.2
Nontax Revenue.....	378.2	329.2	(13.0)
Total GF/GP Consensus Revenue Estimates	\$8,792.2	\$9,264.4	5.4%
Revenue Sharing Savings (Ongoing Plus One-Time)	(\$370.6)	(\$380.6)	2.7%
Other Revenue Adjustments ²⁾	1.2	68.0	5,566.7
Proposed Tax Policy/Enforcement Changes	0.0	0.0	---
Total GF/GP Revenue (Current Fiscal Year)	\$8,422.9	\$8,951.8	6.3%
TOTAL GF/GP REVENUE WITH BEGINNING BALANCE	\$9,402.0	\$9,236.9	(1.8%)
¹⁾ Estimates adopted at the January 11, 2013, Consensus Revenue Estimating Conference.			
²⁾ Includes the following: -\$2.0 million for the Liquor Purchase Revolving Fund lapse and \$3.2 million from shifting short-term borrowing costs to the School Aid Fund in FY 2012-13, and \$6.0 million from shifting School Aid borrowing costs and \$62.0 million from Blue Cross/Blue Shield insurance changes in FY 2013-14.			

Table 26

SCHOOL AID FUND REVENUE ESTIMATES: FY 2012-13 AND FY 2013-14
(Millions of Dollars)

	FY 2012-13	FY 2013-14	Percent Change
Beginning Balance	\$254.1	\$49.9	(80.4%)
Consensus Estimates for Earmarked Tax & Lottery Revenue: ¹⁾			
<u>Taxes:</u>			
Sales Tax & Use Tax	5,613.6	5,808.7	3.5
Income Tax	2,216.3	2,302.8	3.9
State Education Property Tax	1,801.6	1,818.6	0.9
Real Estate Transfer Tax	169.6	183.5	8.2
Michigan Business Tax	0.0	0.0	---
Tobacco Taxes	364.9	358.0	(1.9)
Casino Gaming Tax	108.3	111.0	2.5
Other Tax Revenue	103.4	105.0	1.5
Subtotal Taxes	10,377.7	10,687.6	3.0
Lottery	750.0	745.0	(0.7)
Subtotal Earmarked Tax & Lottery Consensus Estimate	\$11,127.7	\$11,432.5	2.7%
GF/GP Grant	\$282.4	\$230.0	(18.6%)
Federal Aid	1,701.0	1,764.4	3.7
MPSERS Reserve Fund/Lottery Changes	0.0	157.8	---
Other Revenue Adjustments	0.0	0.0	---
Total SAF Revenue (Current Fiscal Year)	\$13,111.1	\$13,584.7	3.6%
TOTAL SAF REVENUE WITH BEGINNING BALANCE	\$13,365.2	\$13,634.6	2.0%

¹⁾ Estimates adopted at the January 11, 2013, Consensus Revenue Estimating Conference.

DETAILS FOR DEPARTMENTS AND BUDGET AREAS

This section of the report presents a table that summarizes the Governor's FY 2013-14 Gross and GF/GP appropriation changes to FY 2012-13 for each department and budget area. Following [Table 27](#) are highlight sheets for individual departments and budget areas that summarize the Gross appropriation and boilerplate language changes from FY 2012-13 to the Governor's recommendation for FY 2013-14.

Table 27

GOVERNOR'S FY 2013-14 GROSS AND GF/GP CHANGES TO FY 2012-13		
Budget Area/Line Items	Governor's Changes	
	Gross	GF/GP
Agriculture and Rural Development		
Food and agriculture industry growth initiative (new).....	\$1,000,000	\$1,000,000
Agriculture product assurance and export assistance	1,000,000	1,000,000
Food safety	250,000	250,000
Producer security/grain dealer program	150,000	0
Farmland/open space preservation	392,500	0
Private forestry initiative (one-time).....	600,000	600,000
Statewide wireless/broadband expansion and other IT	13,300	12,100
Adjustment for funds received	(2,659,600)	0
Remove one-time lump sum payments to employees	(2,470,300)	(2,235,300)
Unclassified salaries increase	7,000	7,000
Other post-employment benefits (OPEB) adjustment	237,800	126,300
Economic adjustments	1,519,600	771,300
Total Agriculture and Rural Development	\$40,300	\$1,531,400
Attorney General		
Fraud prevention and prosecution in DHS programs.....	\$500,000	\$0
Increase in charges per agreements with departments	2,124,200	0
Statewide wireless/broadband expansion and other IT	53,100	53,100
Remove one-time lump sum payments to employees	(1,025,900)	(393,300)
Unclassified salaries increase	7,000	7,000
OPEB adjustment.....	518,600	195,200
Economic adjustments	2,047,400	793,500
Total Attorney General.....	\$4,224,400	\$655,500
Civil Rights		
Division on deaf and hard of hearing	\$100,000	\$100,000
Hispanic/Latino commission of Michigan	54,000	54,000
Statewide wireless/broadband expansion and other IT	6,100	6,100
Remove one-time lump sum payments to employees	(128,900)	(104,300)
Unclassified salaries increase	7,000	7,000
OPEB adjustment.....	60,800	48,200
Economic adjustments	333,800	272,900
Total Civil Rights	\$432,800	\$383,900
Community Colleges		
Performance funding (2.0% increase).....	\$5,847,100	\$5,847,100
MPERS reform-rate cap for unfunded liabilities (new)	31,400,000	31,400,000
Renaissance zone reimbursements-transferred in from Treasury.....	3,500,000	3,500,000
Virtual learning collaborative (new/one-time)	1,100,000	1,100,000
Total Community Colleges	\$41,847,100	\$41,847,100

GOVERNOR'S FY 2013-14 GROSS AND GF/GP CHANGES TO FY 2012-13

<u>Budget Area/Line Items</u>	<u>Governor's Changes</u>	
	Gross	GF/GP
Community Health		
Change in Medicaid match rate from 66.39% to 66.32%.....	\$0	\$6,901,500
Change in SCHIP/MICChild match rate from 76.47% to 76.40%.....	0	50,100
Changes in Federal authorization	4,319,800	0
Healthy Michigan Fund revenue shortfall	0	1,202,900
Health and wellness programs funding	(3,500,000)	(3,500,000)
Loss of private epidemiological grant	(200,000)	0
Family support subsidy caseload	203,900	0
Veterans' mental health strategic action plan (new)	60,000	60,000
Jail/prison diversion pilot (new)	1,630,000	1,630,000
Mental health innovations fund (new/one-time)	5,000,000	5,000,000
Medicaid mental health/substance abuse caseload	472,500	172,800
Pre-paid inpatient health plans actuarially sound rates.....	26,888,000	9,055,900
Behavioral health homes (new).....	900,000	90,000
Remove one-time CMH special populations funding	(3,000,000)	(3,000,000)
Medicaid match adjustments for facilities.....	34,900	0
State facility earned days adjustments.....	(8,995,500)	0
Facility savings due to jail/prison diversion	(3,260,000)	(1,630,000)
Vital records fee increase	1,500,000	0
Certificate of need fee increase.....	700,000	0
Emergency medical services fee increase	1,006,100	0
Health innovation grants (new).....	3,000,000	3,000,000
AIDS drug rebate adjustment	10,570,700	0
Newborn screening fee inflationary adjustment	45,400	0
Newborn screening fee increase	605,000	0
Private influenza hospital surveillance grant	136,600	0
Transfer of EMU autism center to Medicaid, add Medicaid match	984,600	0
Michigan infant mortality plan (new).....	2,500,000	2,500,000
Women infants children (WIC) formula rebate revenue	2,459,500	0
Children's special health care services (CSHCS) caseload.....	16,656,500	4,417,400
Provider tax savings from CSHCS shift to managed care	568,600	(7,539,700)
Use of Crime Victims Rights Fund dollars for media awareness	200,000	0
Senior respite services revenue increase	0	(400,000)
Increase in physician adjustor administrative fees.....	198,600	0
Medicaid transformation office (new)	1,510,800	1,510,800
Medicaid base and caseload adjustments	3,474,600	8,636,200
Technical adjustment-hospital Medicaid care access payments	75,039,700	0
Nursing home QAAP adjustments.....	(6,600,000)	0
Reduce savings from implementation of dual eligible waiver	29,828,700	10,046,300
Placeholder for dual eligible waiver.....	100	100
Increased savings from enhanced medication initiative.....	(8,262,000)	(2,782,600)
Healthy kids dental and MICChild dental rate adjustments	(1,610,700)	(461,500)
Merit Award Trust Fund revenue increase	0	(4,632,500)
HMO actuarial soundness adjustment	85,658,900	28,849,900
State psychiatric disproportionate share payment adjustments.....	(34,344,500)	22,080,600
Remove Harper/Hutzel special payment.....	(19,989,600)	(6,732,500)
Remove one-time graduate medical education funding.....	(4,314,200)	(1,450,000)
Expand program of all-inclusive care for the elderly (PACE)	0	850,400
Increase funding for Medicaid autism services	20,455,400	6,889,400
Expand healthy kids dental to Ingham, Ottawa, Washtenaw.....	11,643,000	3,921,400
Eliminate indigent care agreements January 1, 2014	(71,804,200)	0
Annualize primary care rate increase.....	103,200,000	0

GOVERNOR'S FY 2013-14 GROSS AND GF/GP CHANGES TO FY 2012-13

Budget Area/Line Items	Governor's Changes	
	Gross	GF/GP
Community Health (continued)		
Health reform related adjustment to certified public expenditures	0	1,000,000
Statewide wireless/broadband expansion and other IT	254,800	84,000
Reduce one-time funding for Medicaid computer upgrade	(11,700,000)	(700,000)
Medicaid expansion, physical health	1,188,096,700	0
Medicaid expansion, mental health	127,635,200	0
Medicaid expansion, administrative costs	20,000,000	10,000,000
Medicaid expansion, eliminate adult benefits waiver program	0	(26,104,500)
Medicaid expansion, community mental health savings	0	(152,931,100)
Medicaid expansion, Corrections hospital costs	24,212,200	0
Medicaid expansion, "plan first" savings	0	(1,072,200)
Medicaid expansion, eliminate transitional Medicaid	(150,000)	(150,000)
Medicaid expansion, public health savings	(750,000)	(750,000)
Medicaid expansion, additional HICA revenue	0	(10,712,700)
Remove one-time lump sum payments to employees	(4,285,300)	(2,571,500)
Unclassified salaries increase	7,000	7,000
OPEB adjustments	2,424,000	1,103,900
Economic adjustments	13,877,500	6,154,900
Total Community Health	\$1,605,193,300	(\$91,905,300)
Corrections		
New employee training school (one-time)	\$9,032,500	\$9,032,500
Medicaid expansion savings	(\$24,212,200)	(\$24,212,200)
Capital outlay-security equipment	6,000,000	0
Food service IDG adjustments	99,700	0
Detroit re-entry center staffing adjustment	881,400	881,400
Statewide wireless/broadband expansion and other IT	929,100	905,900
Post-closure maintenance	634,100	634,100
Alger housing unit conversion adjustment	506,200	506,200
Remove one-time funding for information technology	(1,129,500)	(1,129,500)
Adjust facility line items	42,173,800	42,173,800
Increase transportation funding	7,023,100	7,023,100
Increase food service funding	6,289,600	6,289,600
Reduce funding for health care services	(25,600,900)	(25,600,900)
Reduce funding for prisoner re-entry programs	(19,697,000)	(19,697,000)
Reduce funding for leased beds	(9,000,100)	(9,000,100)
Other adjustments	(1,347,700)	(1,347,700)
Remove special equipment fund supplemental	(17,600,000)	0
Remove one-time lump sum payments to employees	(13,225,900)	(12,873,800)
Unclassified salaries increase	159,200	159,200
OPEB adjustment	6,670,200	6,524,300
Economic adjustments	42,206,500	41,299,100
Total Corrections	\$10,792,100	\$21,568,000
Department of Education		
Child development and care IDG reduction	(\$11,820,600)	\$0
Additional charter school support	255,000	127,500
School improvement plan reviews	137,500	137,500
State aid to libraries	1,304,300	1,304,300
Renaissance zone reimbursements to libraries	1,500,000	1,500,000
MPSERS reform-rate cap for unfunded library liabilities (new)	1,300,000	1,300,000

GOVERNOR'S FY 2013-14 GROSS AND GF/GP CHANGES TO FY 2012-13

Budget Area/Line Items	Governor's Changes	
	Gross	GF/GP
Department of Education (continued)		
Michigan college access network-transfer to Higher Education	(2,000,000)	(2,000,000)
Accounting support for child development and care program.....	114,000	13,700
Statewide wireless/broadband expansion and other IT	104,000	31,700
Carl D. Perkins grant maintenance of effort	40,000	40,000
Federal and private funding authorization reduction	(2,682,000)	0
Remove one-time CMU lending library funding	(50,000)	(50,000)
Remove one-time lump sum payments to employees	(624,300)	(114,100)
Unclassified salaries increase	7,700	5,900
OPEB adjustment.....	249,400	44,100
Economic adjustments	2,143,500	460,100
Total Department of Education	(\$10,021,500)	\$2,800,700
Environmental Quality		
Remove funding for MiWaters system upgrade	(\$2,000,000)	\$0
Remove funding for brownfield grants	(5,000,000)	0
EO 2012-14: transfer storage tank programs to LARA	(4,925,700)	0
Remove boilerplate funding for Wickes chemical plume study	(300,000)	0
Federal/IDG/restricted technical adjustments	(12,102,600)	0
Ongoing wetlands program funding	1,000,000	1,000,000
Increase State match for surface water programs	200,000	200,000
Office of the Great Lakes-replace restricted revenue with GF/GP.....	0	500,000
Increase refined petroleum product cleanup program	2,500,000	0
Strategic water quality (SWQIF) bond issues for municipal sewers	97,000,000	0
SWQIF bond issues for wetland mitigation banks.....	3,000,000	0
Statewide wireless/broadband expansion and other IT	85,300	4,600
Funding for wetlands program (one-time).....	600,000	600,000
Funding for hazardous waste management program (one-time).....	400,000	400,000
Remove one-time lump sum payments to employees	(6,149,200)	(4,160,100)
Unclassified salaries increase	7,000	0
OPEB adjustment.....	715,300	89,800
Economic adjustments	4,808,800	657,800
Total Environmental Quality.....	\$79,838,900	(\$707,900)
Executive		
Increase for operations.....	\$97,800	\$97,800
Remove one-time lump sum payments to employees	(58,700)	(58,700)
Economic adjustments	43,000	43,000
Total Executive	\$82,100	\$82,100
Higher Education		
Performance funding (2.0% increase).....	\$24,869,000	\$24,869,000
MSU AgBioResearch and extension (2.0% increase).....	1,084,100	1,084,100
Tuition incentive program	3,200,000	3,200,000
Children of veterans/officers' survivors tuition grants.....	200,000	200,000
Michigan college access network-transfer from Dept. of Education	2,000,000	2,000,000
Total Higher Education	\$31,353,100	\$31,353,100

GOVERNOR'S FY 2013-14 GROSS AND GF/GP CHANGES TO FY 2012-13

<u>Budget Area/Line Items</u>	<u>Governor's Changes</u>	
	Gross	GF/GP
Human Services		
Eliminate ARRA food assistance funding and reduce caseload	(\$683,698,900)	\$0
Adjust child welfare and public assistance caseload projections	(44,902,600)	(8,231,700)
Change Medicaid match rate from 66.39% to 66.32%	12,900	188,300
Realign automated child welfare system (SACWIS) costs	2,400,000	754,300
Realign juvenile justice grants to reflect actual spending	(2,000,000)	0
Recognize higher than appropriated restricted and Federal funds	4,000,000	0
Replace GF with Federal TANF to offset some GF increases	0	(2,500,000)
Annualize child welfare FTEs	26,297,300	8,224,200
Increase family preservation programs (one-time)	2,500,000	0
Fund fraud prevention biometric system (one-time)	1,500,000	1,000,000
Fund IT for eligibility determination (one-time)	2,000,000	1,039,600
Increase phone charges	2,187,300	872,500
Increase child protection and permanency	200,000	0
Increase county juvenile justice officers/community support	603,300	603,300
Increase disability determination operations	4,429,700	407,000
Fund exemptions to FIP 60-month time limit	6,000,000	0
Increase fraud prevention-three attorneys for AG's office	500,000	500,000
Increase fraud prevention-voter registration	717,600	350,600
Fund Statewide wireless/broadband expansion and other IT	1,368,000	454,100
Add juvenile justice data analyst	116,000	116,000
Increase Michigan energy assistance program	60,000,000	0
Add 11.0 child support specialists	1,092,400	371,400
Add 10.0 child welfare institute trainers	1,234,900	395,200
Add 4.0 medical review team staff	807,300	532,800
Provide funding for tuition reimbursement for masters students	3,085,600	887,100
Increase SSI advocates	78,200	0
Increase State disbursement unit	4,541,200	1,227,200
Increase State supplement administration	262,500	262,500
Recognize reduced weatherization grant	(12,000,000)	0
Recognize savings from early implementation of SACWIS	(7,500,000)	(3,165,900)
Annualize transfer of 4.0 FTEs from Civil Service	465,600	143,500
Offset increase for mobile workers initiative with reduced rent	0	0
Shift local school aid funding in juvenile justice to correct lines	0	0
Offset loss of child support revenue with Federal funds	0	0
Transfer funds from local office training to child welfare training	0	0
Transfer fringe and IT costs for child welfare staff enhancement	0	0
Reduce child welfare FTEs by 83.0 to reflect actual FTEs	0	0
Unroll child welfare enhancement line item	0	0
Remove one-time funding for Michigan rehabilitation services	(504,600)	0
Remove one-time funding for emergency relief energy services	(59,900,000)	(27,700,000)
Remove other one-time funding	(4,000,000)	(3,000,000)
Remove one-time lump sum payments to employees	(10,541,900)	(3,936,800)
Increase unclassified salaries	7,000	7,000
Adjust OPEB	4,848,900	1,822,500
Economic adjustments	35,474,700	12,718,100
Total Human Services	(\$658,317,600)	(\$15,657,200)

GOVERNOR'S FY 2013-14 GROSS AND GF/GP CHANGES TO FY 2012-13

<u>Budget Area/Line Items</u>	<u>Governor's Changes</u>	
	Gross	GF/GP
Judiciary		
Expand problem solving court programs.....	\$5,000,000	\$5,000,000
Trial court performance innovations fund (new/one-time).....	4,000,000	4,000,000
Implementation of case management system (new/one-time)	2,500,000	2,500,000
Appellate defender staff increase.....	107,200	107,200
Judgeship attrition savings	(391,500)	(391,500)
Align Federal and restricted revenues	(1,284,500)	0
Remove one-time lump sum payments to employees	(827,200)	(636,900)
OPEB adjustment.....	265,000	218,000
Economic adjustments	2,187,100	1,893,000
Total Judiciary	\$11,556,100	\$12,689,800
Legislative Auditor General		
Enhanced audit oversight.....	\$250,000	\$250,000
Transfer boilerplate funding to part 1 of the bill.....	1,255,200	0
Remove one-time lump sum payments to employees	(270,900)	(184,800)
OPEB adjustment.....	92,400	64,500
Economic adjustments	540,000	376,700
Total Legislative Auditor General.....	\$1,866,700	\$506,400
Legislature		
Increase for operations.....	\$6,459,000	\$6,459,000
OPEB/retirement adjustment.....	6,437,800	6,437,800
Total Legislature.....	\$12,896,800	\$12,896,800
Licensing and Regulatory Affairs		
Replace restricted revenue with GF for veterans' exemption	\$0	\$3,700,000
Increase for survey and remonumentation grants.....	2,000,000	0
Increase for liquor law enforcement grants	600,000	0
EO 2012-14: transfer storage tank programs from DEQ	4,393,100	0
Reduce unemployment administration to reflect lower Federal grants....	(67,161,900)	0
Reduce Federal/restricted authority to reflect expected revenue	(14,800,000)	0
Remove funding for right-to-work implementation	(2,000,000)	(2,000,000)
EO 2012-9: transfer prevailing wage section from Strategic Fund	132,300	132,300
Rent reductions	(900,000)	0
Rebase Michigan administrative hearing system IDG	(111,500)	0
Statewide wireless/broadband expansion and other IT	443,300	0
Remove one-time liquor control commission info tech upgrades	(2,000,000)	0
Remove one-time lump sum payments to employees	(4,532,200)	(177,500)
Unclassified salaries increase	222,300	0
OPEB adjustment.....	2,335,500	236,800
Economic adjustments	9,383,600	(31,900)
Total Licensing and Regulatory Affairs	(\$71,995,500)	\$1,859,700
Military and Veterans Affairs		
Michigan veterans affairs agency (new/1/2 one-time).....	\$8,000,000	\$8,000,000
State veterans service officers	600,000	600,000
Grand Rapids veterans home laundry upgrade	60,000	60,000
Veterans homes special maintenance	500,000	500,000
Remove one-time armory special maintenance funding.....	(2,400,000)	(2,400,000)
Remove one-time veterans homes remodeling funding	(2,116,000)	(2,116,000)

GOVERNOR'S FY 2013-14 GROSS AND GF/GP CHANGES TO FY 2012-13

Budget Area/Line Items	Governor's Changes	
	Gross	GF/GP
Military and Veterans Affairs (continued)		
Remove one-time veterans services enhancement funding	(434,000)	(434,000)
Remove one-time data upgrades funding	(750,000)	(750,000)
Remove one-time county counselor accreditation funding	(200,000)	(200,000)
Statewide wireless/broadband expansion and other IT	26,000	3,800
Remove one-time capital outlay funding for Flint armory	(12,000,000)	0
Federal and state projects adjustment	(2,250,000)	0
Adjustment for funds received	(1,175,300)	0
Remove one-time lump sum payments to employees	(707,900)	(155,900)
Unclassified salaries increase	11,700	11,700
OPEB adjustment	617,500	231,600
Economic adjustments	2,752,400	796,700
Total Military and Veterans Affairs	(\$9,465,600)	\$4,147,900
Natural Resources		
Belle Isle management (new)	\$3,700,000	\$3,700,000
Add 25 new conservation officers	2,900,000	2,900,000
Purchase new Great Lakes research vessel (one-time)	2,000,000	2,000,000
Conservation officer training (one-time)	600,000	600,000
Statewide wireless/broadband expansion and other IT	155,200	17,900
Aquatic invasive species specialist and support services (new)	150,000	150,000
Capital outlay-dredging projects	9,400,000	0
Capital outlay-waterways projects	2,948,600	0
Fee increase-hunting and fishing licenses	11,365,000	0
Fee increase-off-road vehicle licenses	2,700,000	0
Accounting service center adjustment	5,000	0
Reduce Federal/private/restricted funds to reflect revenue	(14,689,900)	0
Adjust for FY 2012-13 capital outlay projects	(4,909,500)	0
Remove one-time dam management funding	(2,000,000)	(2,000,000)
Remove one-time lump sum payments to employees	(1,892,600)	(96,200)
Unclassified salaries increase	7,000	0
OPEB adjustment	874,000	44,900
Economic adjustments	3,193,300	232,100
Total Natural Resources	\$16,506,100	\$7,548,700
School Aid		
MPERS reform-rate cap for unfunded liabilities	\$273,300,000	\$0
Great start readiness program grants (1/4 one-time)	65,000,000	0
Federal grants	63,379,900	0
Equity payment (one-time)	24,000,000	0
School bond loan fund debt service	11,270,000	0
Michigan virtual high school digital initiative (new/1/2 one-time)	10,000,000	10,000,000
Competitive student-centric grants (one-time)	8,000,000	0
Cash flow borrowing costs	2,800,000	0
Payments in lieu of taxes (PILT) reimbursement	681,500	0
Durant non-plaintiff bonds debt service	500,000	0
Technical adjustment for ISD operational funding	7,000	0
Fund source shift from GF/GP to SAF	0	(59,812,400)
Promise zone reimbursement	(123,800)	0
Principal educator evaluator training	(1,250,000)	0
Transfer state aid to libraries to Department of Education (DOE)	(1,304,300)	(1,304,300)

GOVERNOR'S FY 2013-14 GROSS AND GF/GP CHANGES TO FY 2012-13

<u>Budget Area/Line Items</u>	<u>Governor's Changes</u>	
	Gross	GF/GP
School Aid (continued)		
Transfer library renaissance zone payments to DOE	(1,500,000)	(1,500,000)
Reduce class size grants	(4,000,000)	0
Reduce school breakfast payments to actual disbursements	(4,000,000)	0
Remove one-time funding for consolidation innovation grants	(10,000,000)	0
Technical cost adjustments for pupils/taxable values/special ed.	(14,000,000)	0
Reduce technology infrastructure grants from \$50.0 million	(36,500,000)	0
Remove one-time deposit to MPSERS reforms reserve fund	(41,000,000)	0
Reduce best practices funding from \$80.0 million	(55,000,000)	0
Economic adjustments	287,500	216,700
Total School Aid	\$290,547,800	(\$52,400,000)
State		
Michigan Transportation Fund adjustment	\$0	\$606,300
Increase contractual services funding for customer documents	500,000	500,000
Statewide wireless/broadband expansion and other IT	160,000	11,600
Increase driver look-up fees from \$7 to \$8	4,700,000	0
Anatomical gift registry-promotion of organ donation	50,000	0
Reduce transportation admin collection fund revenue assumption	(8,000,000)	0
Transfer of assigned claims assessments to private entity	(1,098,600)	0
Remove one-time funding to replace commercial driver fees	(600,000)	(600,000)
Remove one-time funding for ExpressSOS marketing	(150,000)	(150,000)
Eliminate Olympic fundraising license plate	(75,700)	0
Remove one-time lump sum payments to employees	(1,544,400)	(284,900)
Unclassified salaries increase	7,000	7,000
OPEB adjustment	661,700	37,200
Economic adjustments	4,269,600	238,100
Total State	(\$1,120,400)	\$365,300
State Police		
Phase 2 of public safety initiative-107 new troopers (1/3 one-time)	\$15,211,900	\$15,211,900
Disaster contingency fund (one-time)	4,000,000	4,000,000
Trooper funding shift from Federal to GF	0	2,094,800
Mobile computer data and support costs	2,004,000	1,898,800
Fleet leasing rate increase	1,122,400	1,122,400
Replacement of specialty vehicles (one-time)	350,000	350,000
Statewide wireless/broadband expansion and other IT	283,300	216,000
Establish battery replacement schedule	80,000	70,000
Adjustment for funds received	(10,328,800)	0
Remove one-time funding for equipment/protective gear	(1,623,700)	(1,623,700)
Remove one-time funding for Michigan speedway traffic control	(800,000)	(800,000)
Remove one-time funding for Collins road rent	(350,000)	(350,000)
Remove one-time lump sum payments to employees	(3,220,000)	(2,085,200)
Unclassified salaries increase	7,000	7,000
OPEB adjustment	4,135,400	2,978,500
Economic adjustments	14,947,500	10,370,000
Total State Police	\$25,819,000	\$33,460,500
Technology, Management, and Budget		
Medicaid computer upgrade in Community Health	\$18,300,000	\$0
Special maintenance for State buildings (one-time)	10,000,000	10,000,000

GOVERNOR'S FY 2013-14 GROSS AND GF/GP CHANGES TO FY 2012-13

Budget Area/Line Items	Governor's Changes	
	Gross	GF/GP
Technology, Management, and Budget (continued)		
Align information technology IDGs with appropriations.....	7,437,000	0
Regional prosperity grant program (one-time)	5,000,000	5,000,000
Casino gaming software replacement (one-time)	3,000,000	0
Statewide wireless/broadband expansion and other IT	5,524,000	206,000
Increase for State building authority rent	1,700,000	1,700,000
Capital outlay-remove Escanaba River bridge (one-time)	1,500,000	1,500,000
Capital outlay-State emergency operations center authorization	100	100
Motor vehicle fleet-cost increases for fuel, maintenance, leasing.....	1,500,000	0
State Police mobile computing support.....	1,000,000	0
Retirement services-military and veterans affairs pension costs	826,100	826,100
Professional development.....	200,000	0
Increase for administrative services	300,000	0
Remove one-time funding for State buildings' maintenance.....	(10,000,000)	(10,000,000)
Remove one-time funding for space consolidation fund	(7,000,000)	(7,000,000)
Remove one-time funding for teacher evaluation pilot.....	(4,000,000)	(4,000,000)
Reduce State Police accounting service center operations	(120,000)	0
Statewide cost allocation plan (SWCAP) adjustment.....	0	(481,000)
Transfer 4.0 FTEs from Civil Service to Human Services.....	(465,600)	(143,500)
Remove one-time lump sum payments to employees	(4,680,200)	(792,200)
Unclassified salaries increase	8,000	5,100
OPEB adjustment.....	2,225,400	712,600
Economic adjustments	10,746,800	2,438,000
Total Technology, Management, and Budget.....	\$43,001,600	(\$28,800)
Transportation		
Investment plan-increase funding for roads and bridges	\$1,141,607,100	\$0
Investment plan-increase funding for public transit development	63,872,600	0
Investment plan-increase funding for bus transit	19,927,800	0
Investment plan-increase funding for intercity passenger freight.....	18,848,900	0
Investment plan-increase funding for highway maintenance	10,000,000	0
Blue Water bridge customs plaza expansion	25,800,000	0
State operation of amtrak wolverine rail line route	19,333,000	0
Bus transit-MAP-21 Federal reauthorization	2,400,000	0
Debt service adjustments	2,046,600	0
Statewide wireless/broadband expansion and other IT	423,800	0
IDG adjustments	207,800	0
Remove one-time transfer of sales tax revenue for roads/bridges	(100,000,000)	0
Remove one-time transfer of sales tax revenue for airports	(10,000,000)	0
Public transportation-MAP-21 Federal reauthorization	(32,077,900)	0
Eliminate Transportation Economic Development Fund.....	(32,058,200)	0
Remove one-time GF grant.....	(23,000,000)	(23,000,000)
Adjust airport improvement to reflect actual revenue.....	(4,421,800)	0
Transit planning-MAP-21 Federal reauthorization	(1,500,000)	0
Adjust aeronautics program to reflect actual revenue.....	(779,200)	0
Remove FY 2012-13 funding for regional transit authority	(250,000)	0
Remove one-time lump sum payments to employees	(3,260,800)	0
Unclassified salaries increase	7,000	0
OPEB adjustment.....	1,462,700	0
Economic adjustments	9,760,700	0
Total Transportation	\$1,108,350,100	(\$23,000,000)

GOVERNOR'S FY 2013-14 GROSS AND GF/GP CHANGES TO FY 2012-13

<u>Budget Area/Line Items</u>	<u>Governor's Changes</u>	
	Gross	GF/GP
Treasury - Debt Service		
Great Lakes water quality bond.....	\$9,411,500	\$9,411,500
Great Lakes water quality bond fund shift.....	0	2,500,000
Clean Michigan initiative.....	2,886,500	2,886,500
Quality of life bond.....	2,271,000	2,271,000
Water pollution control bond.....	(921,400)	(921,400)
Total Treasury - Debt Service.....	\$13,647,600	\$16,147,600
Treasury - Operations		
Distressed communities-financial services (new/one-time)	\$5,000,000	\$5,000,000
Sales, use, and withholding system upgrade (one-time)	1,763,300	1,763,300
iLottery-internet sales	3,350,000	0
Gaming control board computer system replacement (one-time).....	3,000,000	0
Digital tobacco stamps	3,000,000	0
Information technology costs for tax implementation	942,600	942,600
Payments in lieu of taxes (PILT)	1,734,500	1,039,100
Transfer FRIB community share to Strategic Fund Agency.....	(2,339,900)	(2,339,900)
Transfer renaissance zone reimbursement to Community Colleges	(3,500,000)	(3,500,000)
Dual enrollment for nonpublic school students at actual cost	(9,000,000)	(9,000,000)
Remove qualified agricultural loan supplemental.....	(15,000,000)	(15,000,000)
Remove emergency financial services to locals supplemental.....	(5,780,000)	(5,780,000)
Remove one-time funding for legal services	(3,000,000)	(3,000,000)
Federal student financial assistance adjustment	(1,243,300)	0
Assessor fee revenue adjustment.....	(335,000)	0
Tax processing for unfunded economics related to MDOT.....	0	59,000
Restricted revenue adjustment for data collection fees	9,100	0
Statewide wireless/broadband expansion and other IT	203,000	28,200
Remove one-time lump sum payments to employees	(2,742,700)	(311,500)
Reduce tax compliance to fund unclassified salaries.....	(42,100)	(42,100)
Unclassified salaries increase from internal transfer.....	42,100	42,100
Unclassified salaries increase to fund MSHDA director.....	57,700	0
Unclassified salaries increase	9,700	5,700
OPEB adjustment.....	1,056,800	158,500
Economic adjustments	6,186,600	1,143,800
Total Treasury - Operations	(\$16,627,600)	(\$28,791,200)
Treasury - Revenue Sharing		
Constitutional revenue sharing.....	\$29,450,200	\$0
County incentive program	2,000,000	0
County revenue sharing	8,000,000	0
Total Treasury - Revenue Sharing	\$39,450,200	\$0
Treasury - Strategic Fund		
Business attraction-innovative debt financing (new/one-time).....	\$20,000,000	\$20,000,000
Business attraction-agribusiness initiative (new/one-time)	2,000,000	2,000,000
Business attraction/community revitalization fund shift (one-time)	(2,000,000)	5,500,000
Remove half of one-time funding for film incentives (one-time).....	(25,000,000)	(25,000,000)
Land bank blight elimination (half one-time)	9,500,000	9,500,000
Land bank good neighbor program (new/half one-time)	4,000,000	4,000,000
Land bank operations increase and fund shift	609,800	2,500,000
Skilled trades training program (new/one-time)	10,000,000	10,000,000

GOVERNOR'S FY 2013-14 GROSS AND GF/GP CHANGES TO FY 2012-13

<u>Budget Area/Line Items</u>	<u>Governor's Changes</u>	
	Gross	GF/GP
Treasury - Strategic Fund (continued)		
Facility for Rare Isotope Beams (FRIB) debt service	7,300,000	7,300,000
Pure Michigan.....	4,000,000	0
Innovation and entrepreneurship.....	3,500,000	0
Arts and cultural grants	500,000	500,000
Job creation services-arts grant administration costs	500,000	500,000
GEAR-UP increase for program and scholarships.....	1,730,700	0
Federal revenue adjustments.....	(21,894,100)	0
Transfer wage and hour division to LARA.....	(132,300)	(132,300)
Statewide wireless/broadband expansion and other IT	203,100	0
Remove one-time lump sum payments to employees	(1,135,700)	(140,900)
OPEB adjustment.....	365,500	66,000
Economic adjustments	2,332,500	409,500
Total Treasury - Strategic Fund	\$16,379,500	\$37,002,300
TOTAL CHANGES	\$2,586,277,400	\$14,356,400

HIGHLIGHT SHEETS

Senate Bill 201 (as introduced)

Committee: Appropriations

FY 2012-13 Year-to-Date Gross Appropriation	\$76,953,000
Changes from FY 2012-13 Year-to-Date:	
1. Agriculture Product Assurance and Export Assistance. The Governor recommended \$1.0 million GF/GP to bolster inspection services for agriculture products and commodities to assist export requirements of Michigan goods.	1,000,000
2. Food and Agriculture Industry Growth Initiative. The Governor recommended \$1.0 million GF/GP for a competitive grant program to research and find solutions to barriers to growth by processors, agri-business and agriculture production. An additional \$2.0 million for this initiative was also recommended to come from the Michigan Strategic Fund.	1,000,000
3. Food Safety. The Governor recommended \$250,000 GF/GP to add to the efforts of food wholesale inspections and lab testing.	250,000
4. Producer Security/Grain Dealer Program. The Governor's budget included an additional \$150,000 Restricted to adjust for actual regulatory fees received.	150,000
5. Farmland and Open Space Preservation Program. The Governor recommended adding \$392,500 Restricted to provide more administrative support. Using these additional funds for this purpose would require a statutory amendment.	392,500
6. Private Forestry Initiative. The Governor included \$600,000 GF/GP in a one-time expenditure for grants to conservation districts to provide landowners with advice on management of forestlands.	600,000
7. Information Technology. The Governor recommended adding \$22,700 Gross (\$20,400 GF/GP) to cover IT rate increases.	22,700
8. One-Time Appropriations for FY 2012-13. The Governor removed one-time FY 2012-13 appropriations for FY 2013-14, including \$470,300 Gross (\$235,300 GF/GP) for Lump Sum Payments, \$600,000 GF/GP for Private Forestry, \$900,000 GF/GP for Rural Development Value-Added Grants, and \$500,000 GF/GP for New Food Safety Requirements.	(2,470,300)
9. Reductions to Reflect Actual Revenues Received. The Governor recommended reductions across several budget lines to reflect actual anticipated revenue, \$2,669,000 Gross (\$8,300) GF/GP.	(2,669,000)
10. Economic Adjustments. Includes \$237,800 Gross and \$126,300 GF/GP for OPEB and \$1,526,600 Gross and \$778,300 GF/GP for other economic adjustments.	1,764,400
Total Changes.....	\$40,300
FY 2013-14 Governor's Recommendation.....	\$76,993,300

The changes show the differences between the schedule of programs proposed by the Governor and the prior-year line items.

Changes from FY 2012-13 Year-to-Date:

1. **Civil Service Fees.** Governor removed language requiring Civil Service to bill MDARD for services. (Sec. 202)
2. **Reporting Requirements.** Governor struck section requiring use of Internet/Email to fulfill reporting requirements. (Sec. 208)
3. **Buy American.** Governor struck "buy American" goods and services requirement. (Sec. 209)
4. **IT Work Projects.** Governor struck designation of IT projects as work projects. (Sec. 211)
5. **Retain Reports.** Governor eliminated requirement for all reports be kept and retained by MDARD. (Sec. 212)
6. **IT User Fees.** Governor struck language requiring charging of DTMB IT user fees to MDARD. (Sec. 214)
7. **Disciplinary Action.** Governor eliminated language prohibiting action against employee who communicates with Legislature. (Sec. 215)
8. **Office Plan.** Governor removed requirement for MDARD to comply with statewide office plan. (Sec. 219)
9. **Measurable Outcomes.** Governor removed a requirement to provide 10 outcomes from expenditures. (Sec. 231)
10. **Scorecard.** Governor added NEW language requiring a website posting of key metrics performance. (Sec. 232)
11. **Non Line-item Grants.** Governor removed a prohibition that all non line-item grants to non-profits, governments, or schools not be granted without prior notice to Legislature. (Sec. 302)
12. **Outbreak Report.** Governor eliminated a requirement for a report on food borne outbreaks. (Sec. 402)
13. **Herd Testing.** Governor removed language requiring whole herd TB testing in modified accredited zones. (Sec. 451)
14. **Animal Indemnification.** Governor removed a requirement providing for animal indemnification for certain instances of death by wild animals. (Sec. 453)
15. **TB-Free Status.** Governor removed requirement to work with Federal government to become TB-free. (Sec. 454)
16. **Animal ID.** Governor removed prohibition of using electronic tags on anything other than cattle. (Sec. 456)
17. **TB Progress Report.** Governor eliminated requirement for quarterly progress report on TB monitoring. (Sec. 457)
18. **Aquaculture.** Governor eliminated requirement for inspections of aquaculture operations. (Sec. 458)
19. **Third-party Inspections.** Governor eliminated requirement to development third-party inspections with fruit and vegetable industry and requires not less than \$200,000 to be spent on export inspections. (Sec. 551)
20. **Hazardous Disposal.** Governor removed language encouraging USDA work and Public Health for safe disposal of hazardous materials. (Sec. 552)
21. **Environmental Stewardship.** Gov. removed requirement to support groundwater and freshwater pollution prevention. (Sec. 601)
22. **Matching Funds.** Gov. eliminated requirement to find Federal matching funds for environmental quality incentives. (Sec. 606)
23. **Intercounty Drains.** Governor eliminated legislative intent that intercounty drain support be provided by MDARD and the requirement that the Department work with districts to find needed funding for administrative costs. (Sec. 607)
24. **Lake St. Clair.** Governor removed requirement that MDARD work to address water issues, including nonpoint source pollution. (Sec. 608)
25. **Value-added Grant Program.** Governor eliminated section (5) designating program as a work project. (Sec. 701)
26. **Development and Export Report.** Governor eliminated a requirement for an annual report on MDARD development and export activities. (Sec. 706)
27. **Grape and Wine Report.** Governor eliminated requirement for annual report on Grape and Wine Industry Council activities. (Sec. 709)
28. **Equine Funds.** Governor removed requirement that equine funds only be spent for equine purposes. (Sec. 801)
29. **Thoroughbred Purse Disbursement.** Governor eliminated language providing for disbursement of thoroughbred purse funds in the event no races are held. (Sec. 803)
30. **Equine Regulatory Costs.** Gov. eliminated language which provided criteria for establishing equine regulatory costs. (Sec. 804)
31. **County Fairs Grants.** Governor eliminated section (5) designating program as a work project. (Sec. 805)
32. **Lump-sum Expenditures.** Governor eliminated a provision for lump-sum capital outlay payments. (Sec. 1002)
33. **FY 2013-14 Appropriations.** Governor removed provisions for FY 2013-14 appropriations. (Sec. 1201)

Senate Bill 194 (as introduced)
Committee: Appropriations

FY 2012-13 Year-to-Date Gross Appropriation	\$85,082,500
Changes from FY 2012-13 Year-to-Date:	
1. Operations. The Governor recommended increasing the operations line by \$2,124,200 to reflect the costs of legal services provided pursuant to the current memoranda of understanding between the Attorney General and the Department of Human Services (DHS) and the Department of Licensing and Regulatory Affairs. This increase would be funded from interdepartmental grants from the departments.	2,124,200
2. Fraud Prevention Activities for DHS. The Governor recommended \$500,000 and 3.0 full-time equated (FTE) employees to investigate and prosecute fraud in the programs offered by DHS.	500,000
3. Information Technology. The Governor recommended an increase in information technology charges for wireless infrastructure, bandwidth expansion, and the Microsoft enterprise agreement.	53,100
4. Remove One-time Payments. The Governor eliminated funding for one-time lump sum payments to State employees in FY 2012-13.	(1,025,900)
5. Economic Adjustments. Includes \$2,054,400 Gross and \$800,500 GF/GP for OPEB and \$518,600 Gross and \$195,200 GF/GP for other economic adjustments.	2,573,000
Total Changes	\$4,224,400
FY 2013-14 Governor's Recommendation	\$89,306,900

The changes show the differences between the schedule of programs proposed by the Governor and the prior-year line items.

Changes from FY 2012-13 Year-to-Date:

1. **Line Item Structure.** The Governor separated the General Government departments into separate articles within his proposed budget. The budget for the Attorney General is in Article 2. The Governor combined the existing seven line items into two lines, one for operations and one for Prosecuting Attorneys Coordinating Council. Fund source details would not be included. (Article 2)
2. **Boilerplate Structure.** The Governor moved boilerplate from the FY 2012-13 general sections that applied to all General Government budgets to the Article for the Department of Attorney General. These sections include:
 - Report on total State spending for the Department. (Sec. 2-201)
 - Definitions. Many were eliminated due to the deletion of fund source detail. (Sec. 2-203)
 - Report on out-of-state travel. (Sec. 2-216)
 - Prohibition on outside legal services. (Sec. 2-226)
 - Restricted Revenue Report. (Sec. 2-218)
 - Lapse Report. The Governor changed the report date from November 15 to November 30. (Sec. 2-217)
3. **Department Scorecard.** The Governor added language to direct the Department to maintain a publicly accessible website that shows a scorecard that lists, tracks, and updates metrics that represent the Department's performance. (Sec. 2-219)
4. **State Transparency Reporting.** The Governor required the Department to cooperate with the Department of Technology, Management, and Budget (DTMB) to maintain a searchable website of spending, vendors, job specifications, wage rates, and FTE data that is freely available to the public. Currently, DTMB is directed to maintain this website statewide. The Governor deleted the current requirement to update the website at least quarterly. (Sec. 2-206)
5. **Use of Litigation Expense Reimbursements.** The Governor expanded the use of a limited amount of litigation expense reimbursements to allow them to be used for the payment of salaries and support costs. Currently these funds can be used for payment of court judgments, settlements, arbitration awards, and attorney fees and certain litigation costs. As in the current year, a maximum of \$500,000 could be appropriated from litigation awards for all of the named purposes. (Sec. 2-308)

Date Completed: 2-19-13

Fiscal Analyst: Elizabeth Pratt

Senate Bill 194 (as introduced)
Committee: Appropriations

FY 2012-13 Year-to-Date Gross Appropriation	\$14,765,500
Changes from FY 2012-13 Year-to-Date:	
1. Division on Deaf and Hard of Hearing. The Governor added \$100,000 GF/GP and 1.0 full-time equated (FTE) position for an employee on leave who is returning from military service. This would increase the line item to \$771,300 in FY 2013-14.	100,000
2. Hispanic/Latino Commission of Michigan. The Governor recommended an additional \$54,000 GF/GP to increase the line item to \$255,600 in FY 2013-14. This would support the Commission's work to enhance the abilities of Michigan Hispanics by improving their economic stability, education, achievement, and participation in government, business and the community.	54,000
3. Information Technology. The Governor recommended \$6,100 for information technology adjustments related to wireless infrastructure, bandwidth expansion, the Center for Shared Solutions, and the Microsoft Enterprise agreement. This would increase the IT line to \$677,300 in FY 2013-14.	6,100
4. Remove One-time Funding. The Governor removed funding for one-time payments to employees in FY 2012-13 required by contract.	(128,900)
5. Economic Adjustments. Includes \$60,800 Gross and \$48,200GF/GP for OPEB and \$340,800 Gross and \$279,900GF/GP for other economic adjustments.	401,600
Total Changes.....	\$432,800
FY 2013-14 Governor's Recommendation.....	\$15,198,300

The changes show the differences between the schedule of programs proposed by the Governor and the prior-year line items.

Changes from FY 2012-13 Year-to-Date:

1. **Line Item Structure.** The Governor separated the General Government departments into separate articles within his proposed budget. The Civil Rights budget is in Article 3. The Governor combined the existing 6 line items into 1 line for civil rights operations. Fund source details would not be included. (Article 3)
2. **Boilerplate Structure.** The Governor moved boilerplate from the FY 2012-13 general sections that applied to all General Government budgets to the Article for the Department of Civil Rights. These sections include:
 - Report on total State spending for the Department. (Sec. 3-201)
 - Report on out-of-state travel. (Sec. 2-216)
 - Prohibition on outside legal services. (Sec. 3-226)
 - Restricted Revenue Report. (Sec. 3-227)
 - Lapse Report. The Governor changed the report date from November 15 to November 30. (Sec. 3-228)
3. **Department Scorecard.** The Governor added language to direct the Department to maintain a publicly accessible website that shows a scorecard that lists, tracks, and updates metrics that represent the department's performance. (Sec. 2-233)
4. **State Transparency Reporting.** The Governor required the Department to cooperate with the Department of Technology, Management, and Budget (DTMB) to maintain a searchable website of spending, vendors, job specifications, wage rates, and FTE data that is freely available to the public. Currently, DTMB is directed to maintain this website statewide. The Governor deleted the current requirement to update the website at least quarterly. (Sec. 2-235)

Date Completed: 2-15-13

Fiscal Analyst: Elizabeth Pratt

Senate Bill 199 (as introduced)

Committee: Appropriations

FY 2012-13 Year-to-Date Gross Appropriation	\$294,130,500
Changes from FY 2012-13 Year-to-Date:	
1. Performance Funding. The Governor included a \$5.8 million GF/GP (2.0%) increase for community college operations distributed through a modified version of the Performance Indicators Task Force Formula that has been used in recent budgets. The Governor also reallocates \$1,277,500 allocated to community colleges in FY 2012-13 based on local strategic value. This results in a total of \$7,124,600 being distributed through the Governor's proposed formula. The local strategic value component is replaced by a new allocation based on the number of skilled trades program students placed in a relevant job or apprenticeship, with extra weighting for placing a student-veteran. <u>Table 1</u> provides details by college on the Governor's proposed allocations.	5,847,100
2. Michigan Public School Employees Retirement System (MPERS) Rate Cap. The Governor included \$31.4 million GF/GP to fund the difference between the employer's capped contribution rate for unfunded accrued liabilities (20.96%) and the actual unfunded actuarial accrued liability contributions rate. MPERS reform legislation requires the State to pay the difference between these amounts. The Governor is recommending a supplemental of \$12.5 million to fund the amount necessary in FY 2012-13.	31,400,000
3. MPERS Retiree Health Care. In FY 2012-13 the Governor recommended \$1,733,600 appropriation from the School Aid Fund for the purpose of offsetting the increase in MPERS retirement contributions attributable to the 0.25% increase in retiree health care costs. Distributions were to be based on the FY 2011-12 MPERS payroll. The enacted version of the budget included the funding, but allocated the funds to community colleges on an across-the-board basis. The Governor is continuing the funding, but again recommending that the funds be allocated to community colleges based on their MPERS payroll. <u>Table 2</u> delineates the estimated difference in allocation methods.	0
4. Virtual Learning Collaborative. The Virtual Learning Collaborative (VLC) provides access to courses offered by all Michigan public community colleges. In 2009 the Michigan Community College Association (MCCA) Board of Directors approved an affiliate membership for four-year institutions. To date, Lawrence Tech and Grand Valley State University have become members. The new State funding will be used for the development of course aggregator software, development of a "pathway to credential" tool that will identify for students courses toward a career path, develop analytics software that informs colleges of course demand for decision making of future offerings, and development of a repository of online courses and resources for use by faculty at member institutions.	1,100,000
5. Renaissance Zone Reimbursements. The Governor included \$3.5 million GF/GP for Renaissance Zone tax reimbursements pursuant to Public Act 376 of 1996. This appropriation was included in the Department of Treasury budget in FY 2012-13 at the same level of funding.	3,500,000
Total Changes.....	\$41,847,100
FY 2013-14 Governor's Recommendation.....	\$335,977,600

Changes from FY 2012-13 Year-to-Date:

1. **MPERS Reimbursements.** Provides that appropriation for MPERS Retiree Health Care Reimbursement shall be distributed based on each college's proportional MPERS payroll. See item #3 on previous page. (Sec. 207a)
2. **MPERS Reform Costs.** Provides that appropriation for MPERS reform costs shall be used for payment of the difference between the unfunded actuarial accrued liability contribution rate calculated pursuant to the MPERS Act and the statutory maximum employer rate of 20.96%. See item #2 on previous page. (Sec. 207b)
3. **Virtual Learning Collaborative.** Provides that funds appropriated for this one-time project be distributed to a community college on behalf of the Michigan Community College Association for the purposes of enhancing the Virtual Learning Collaborative. Requires report on use of funds upon request. (Sec. 207c)
4. **Transparency.** Requires each community college to make available through links on its website homepage its annual operating budget, links to the most recent activities classification structure report, current collective bargaining agreements, health care plans, audits and financial reports, and compliance with best practices. Provides that State Budget Director shall determine compliance and allows for withholding of State aid payments for noncompliance. Subsection 4 provides for reports on budgeted revenue and expenditures. The Governor added projected General Fund revenue, expenditures, and debt service obligations to the items to be available on the website. The Governor also replaced "shall" with "may" regarding the Budget Director determining compliance. (Sec. 209)
5. **Collaborations with Four-Year Universities.** Encourages community colleges to increase collaboration with universities, local employers, and other community colleges. Governor added the goal of developing equivalency standards of core college courses and identifying equivalent courses offered by institutions. (Sec. 210)
6. **Performance Indicators Task Force.** Provides that it is the intent of the Legislature that performance measures be reviewed and more fully implemented for distribution of State funding in future. Provide specific allocations for current-year funding increases and earmarks funding increases for retirement costs. The Governor modified this section by tying local strategic value (best practices) to the receipt of all performance funding and using 15% of the formula previously allocated for Local Strategic Value to a new Skilled Trades Jobs Placement category. Funds resulting from a college's failure to qualify for performance funding will lapse to the General Fund. The Governor also removed intent language regarding use of the formula in future years and also removed last year's earmark of funding increases for retirement costs. (Sec. 230)

Governor's modified Performance Indicators distribution

- 50% proportionate to FY 2012-13 base
- 10% contact hour equated students
- 7.5% administrative costs
- 17.5% weighted degrees
- 15.0% Skilled Trades Jobs Placement

7. **Deleted Provisions.** The Governor deleted: Second-year appropriation intent language and replaced it with line items (Sec. 201a); buy American/buy Michigan intent language (Sec. 204); depressed and deprived communities compete for and perform college contracts (Sec. 205); prohibits use of appropriations for construction or maintenance of self-liquidating projects and requires compliance with JCOS use and finance requirements – includes penalty for noncompliance (Sec. 208); committee to develop a process to improve transferability of core college courses between colleges and universities (Sec. 210(a)); encourages community colleges to achieve efficiencies through collaborations (Sec. 212); intent regarding review by interested parties of statutory mandates (Sec. 216); prohibition on use of appropriations for purchase or lease of foreign automobiles (Sec. 227); and prohibition on disciplinary action against an employee for communicating with a member of the legislature or legislative staff (Sec. 228).

Date Completed: 2-14-13

Fiscal Analyst: Bill Bowerman

Table 1

FY 2013-14 COMMUNITY COLLEGE APPROPRIATIONS: GOVERNOR'S RECOMMENDATION

College	FY 2012-13 Enacted ¹⁾	FY 2013-14 Governor's Recommendation								Percent Change
		Remove Local Strategic Value (LSV)	50% Proportionate to Base	17.5% Weighted Degree Formula	10.0% Student Contact Hours	7.5% Administrative Costs	Total Formula Distribution	Other Changes	FY 2013-14	
Alpena	\$5,133,600	(22,400)	62,544	19,012	5,865	19,230	84,300		\$5,217,900	1.6%
Bay de Noc	5,184,000	(22,700)	63,157	19,959	7,636	6,513	74,600		5,258,600	1.4%
Delta	13,772,700	(60,000)	167,796	78,415	33,515	24,200	243,900		14,016,600	1.8%
Glen Oaks	2,393,500	(10,500)	29,160	9,877	4,352	5,988	38,900		2,432,400	1.6%
Gogebic	4,251,700	(18,600)	51,799	11,772	3,920	12,708	61,600		4,313,300	1.4%
Grand Rapids	17,129,200	(74,900)	208,686	52,661	48,590	24,278	259,300		17,388,500	1.5%
Henry Ford	20,687,400	(90,700)	252,033	58,109	49,553	18,637	287,600		20,975,000	1.4%
Jackson	11,542,000	(50,500)	140,616	44,971	20,129	15,672	170,900		11,712,900	1.5%
Kalamazoo Valley	11,880,200	(51,900)	144,738	48,295	32,025	26,866	200,000		12,080,200	1.7%
Kellogg	9,330,000	(40,700)	113,669	41,671	17,861	26,650	159,200		9,489,200	1.7%
Kirtland	2,981,200	(12,900)	36,322	19,493	5,775	18,361	67,100		3,048,300	2.3%
Lake Michigan	5,081,500	(22,200)	61,908	16,130	13,797	7,356	77,000		5,158,500	1.5%
Lansing	29,463,900	(128,900)	358,959	130,074	56,511	28,878	445,400		29,909,300	1.5%
Macomb	31,343,700	(137,200)	381,860	117,505	72,549	29,502	464,100		31,807,800	1.5%
Mid Michigan	4,412,600	(19,200)	53,760	29,939	14,507	14,048	93,100		4,505,700	2.1%
Monroe	4,241,900	(18,400)	51,681	17,338	11,757	26,590	89,000		4,330,900	2.1%
Montcalm	3,051,800	(13,300)	37,181	13,272	5,340	17,616	60,100		3,111,900	2.0%
Mott	14,955,800	(65,400)	182,207	55,598	35,978	26,577	235,000		15,190,800	1.6%
Muskegon	8,493,300	(37,200)	103,474	23,544	12,745	24,468	127,000		8,620,300	1.5%
North Central	2,992,900	(13,000)	36,464	12,751	6,852	20,105	63,200		3,056,100	2.1%
Northwestern	8,662,000	(37,900)	105,529	24,112	15,945	21,598	129,300		8,791,300	1.5%
Oakland	20,065,100	(87,600)	244,456	82,142	81,548	27,888	348,400		20,413,500	1.7%
St. Clair	6,726,700	(29,400)	81,952	24,862	13,823	17,291	108,500		6,835,200	1.6%
Schoolcraft	11,852,100	(51,600)	144,398	71,286	38,339	19,547	222,000		12,074,100	1.9%
Southwestern	6,296,600	(27,600)	76,711	14,535	9,424	7,563	80,600		6,377,200	1.3%
Washtenaw	12,295,200	(53,200)	149,800	125,558	39,701	24,658	286,500		12,581,700	2.3%
Wayne County	15,867,900	(69,400)	193,319	76,434	50,327	19,590	270,300		16,138,200	1.7%
West Shore	2,308,400	(10,200)	28,122	7,493	4,095	1,968	31,500		2,339,900	1.4%
Skilled Trades Formula Funding (15.0%)	\$0						1,068,700		1,068,700	---
Subtotal Operations	\$292,396,900	(\$1,277,500)	\$3,562,301	\$1,246,808	\$712,459	\$534,346	\$5,847,100	\$0	\$298,244,000	2.0%
Virtual Learning Collaborative	\$0							1,100,000	1,100,000	---
MPERS Retiree Health Care	\$1,733,600								1,733,600	0.0%
MPERS Reform Costs	\$0							31,400,000	31,400,000	---
Ren. Zone Reimbursements	\$0							3,500,000	3,500,000	---
TOTAL APPROPRIATIONS	\$294,130,500	(\$1,277,500)	\$3,562,301	\$1,246,808	\$712,459	\$534,346	\$5,847,100	\$36,000,000	\$335,977,600	14.2%
State School Aid Fund	197,614,100	0	0	0	0	0	0	0	197,614,100	0.0
GF/GP	96,516,400	(1,277,500)	3,562,301	1,246,808	712,459	534,346	5,847,100	36,000,000	138,363,500	43.4

¹⁾ Includes Local Strategic Value distributions

Table 2

ESTIMATED ALLOCATION FOR MPSERS RETIREE HEALTH CARE REIMBURSEMENT FY 2012-13 DISTRIBUTION COMPARED TO GOVERNOR'S FY 2013-14 RECOMMENDATION			
Community College	FY 2012-13 Enacted	FY 2013-14 Governor's Rec.	Difference
Alpena.....	\$30,400	\$21,000	(\$9,400)
Bay de Noc	30,800	16,700	(14,100)
Delta	81,400	89,100	7,700
Glen Oaks.....	14,200	8,900	(5,300)
Gogebic	25,300	11,500	(13,800)
Grand Rapids	101,700	152,700	51,000
Henry Ford.....	123,000	120,100	(2,900)
Jackson.....	68,500	43,000	(25,500)
Kalamazoo Valley.....	70,400	57,800	(12,600)
Kellogg.....	55,300	36,900	(18,400)
Kirtland.....	17,500	20,800	3,300
Lake Michigan	30,200	26,200	(4,000)
Lansing	175,000	144,700	(30,300)
Macomb.....	186,200	153,500	(32,700)
Mid Michigan	26,100	30,800	4,700
Monroe.....	25,000	33,900	8,900
Montcalm	18,000	17,700	(300)
Mott.....	88,700	83,300	(5,400)
Muskegon	50,400	32,700	(17,700)
North Central	17,600	16,000	(1,600)
Northwestern	51,500	41,900	(9,600)
Oakland	118,800	180,100	61,300
St. Clair.....	39,900	35,500	(4,400)
Schoolcraft.....	70,100	101,200	31,100
Southwestern.....	37,500	13,800	(23,700)
Washtenaw	72,200	106,500	34,300
Wayne County	94,200	124,400	30,200
West Shore.....	13,700	12,900	(800)
Total	\$1,733,600	\$1,733,600	\$0

Senate Bill 198 (as introduced)
Committee: Appropriations

FY 2012-13 Year-to-Date Gross Appropriation	\$15,029,057,700
Changes from FY 2012-13 Year-to-Date:	
1. Medicaid Match Rate Change. The Medicaid match rate will decrease from 66.39% to 66.32%, leading to a cost increase of \$6.9 million GF/GP.	0
2. Medicaid Primary Care Services Rate Increase. The Governor included funding to annualize this federally funded increase, which took effect on January 1, 2013 and raises payment rates for Medicaid primary care services to Medicare levels.	103,200,000
3. Medicaid Managed Care Actuarial Soundness. The Governor provided a 2.5% increase for Medicaid physical health and a 1.25% increase for Medicaid mental health to meet Federal requirements that capitation rates be actuarially sound, at a cost of \$37.9 million GF/GP.	112,546,900
4. Medicaid Base and Caseload Adjustments. The budget reflected a small net cost increase across all Medicaid programs, with a cost of \$13.2 million GF/GP.	20,603,600
5. Fee Increases. The Governor proposed increasing vital records, certificate of need, emergency medical services, and newborn screening fees.	3,811,100
6. Program Increases and New Programs. The Governor proposed a number of new programs and program expansions, including a jail diversion project, a mental health innovations fund, health innovation grants, a new infant mortality plan, an office of Medicaid transformation, and additional funding for the 4x4 anti-youth obesity initiative. Total cost of \$19.2 million GF/GP.	27,743,800
7. Program Reductions. The Governor proposed eliminating most one-time funding, including special populations, graduate medical education, and health and wellness programs. The Governor also eliminated a \$20.0 million payment to Harper/Hutzel hospital. Total savings from these reductions would be \$16.2 million GF/GP.	(32,303,800)
8. Medicaid Expansion. The Governor proposed expanding the Medicaid program effective January 1, 2014 to cover all those up to 133% of the Federal poverty level for an estimated 320,000 people. The increased services would be 100% federally funded for the first three years. The State has a number of programs serving this population using GF/GP dollars, especially Community Mental Health (CMH) non-Medicaid services, so the Governor's budget projects GF/GP savings on these programs of \$181.7 million.	1,359,044,100
9. Economic Adjustments. Includes \$1,944,800 Gross and \$1,103,900 GF/GP for OPEB and \$14,356,700 Gross and \$6,154,900 GF/GP for other economic adjustments.	16,301,500
10. Other Changes. Other adjustments lead to a small reduction in funding.	(5,753,900)
Total Changes	\$1,605,193,300
FY 2013-14 Governor's Recommendation	\$16,634,251,000

The changes show the differences between the schedule of programs proposed by the Governor and the prior-year line items.

Changes from FY 2012-13 Year-to-Date:

1. **Communication with Department Staff.** Governor removed language prohibiting punishment of any employee for communicating with a legislator or legislative staffer. (Sec. 267)
2. **CMH Contractual Requirements.** Governor altered language on CMH contracts, removing references to a specific array of services that CMHs were required to offer and instead state that services be provided in accordance with State and Federal laws. (Sec. 401)
3. **Data Reporting by CMHs.** Governor deleted language requiring CMHs to report data to the Department and the Legislature on their expenditures and services. (Sec. 404)
4. **Data Reporting by Substance Abuse Agencies.** Governor altered language on substance abuse data reporting to remove references to specific data and instead require analysis of trends in programs and determine effectiveness. (Sec. 408)
5. **Privatization of State Facility Food and Custodial Services.** Governor deleted language permitting the Department to bid out food and custodial services at State hospitals if certain conditions were met. (Sec. 608)
6. **Michigan Essential Health Provider Loan Repayments.** Governor modified language to expand loan repayment to primary care physicians as well as obstetricians and gynecologists. (Sec. 709)
7. **Report on Planned Allocations for Maternal and Child Programs.** Governor deleted language requiring a report on expenditures for local maternal and child health services, prenatal care outreach, pregnancy prevention, and family planning. (Sec. 1104)
8. **Medicaid Protected Income Level.** Governor modified language to reflect Medicaid expansion to all those up to 133% of the Federal poverty level. (Sec. 1605)
9. **Medicaid Health Maintenance Organization (HMO) Capitation Withhold.** Governor removed language limiting the Medicaid HMO capitation withhold to 0.19%. (Sec. 1815)
10. **Michigan-Illinois Medicaid Management Information System (MMIS) Collaboration.** Governor included new language to reflect a joint project between the two states that could lead to savings for Michigan. (Sec. 4-1866)
11. **GF/GP Savings from Medicaid Expansion.** Governor included new language directing that negative appropriations in Medicaid Expansion unit be fulfilled by savings from a reduction in the number of people served by these programs and directs that adjustments to these lines be made through the legislative transfer process. (Sec. 4-1867)
12. **Deposit into the Michigan Health Savings Fund.** Governor included new language in the general sections of the omnibus bill appropriating \$103.0 million to the Michigan Health Savings Fund. (Sec. 20-208)
13. **Mental Health Innovations Fund.** Governor included new language permitting the Department to receive revenues and donations to support the mental health innovations fund, with language designating the entire program as a work project. (Sec. 4-1901)

Date Completed: 2-20-13

Fiscal Analyst: Steve Angelotti

Senate Bill 197 (as introduced)
Committee: Appropriations

FY 2012-13 Year-to-Date Gross Appropriation	\$2,018,515,900
Changes from FY 2012-13 Year-to-Date:	
1. Medicaid Expansion Savings. Expanded eligibility would result in an estimated 80% of inmates and parolees attaining Medicaid eligibility for covered services outside of secure facilities. This would generate savings (all GF/GP) for off-site services such as inpatient hospitalization of inmates, and substance abuse and mental health treatment for parolees. Amount reflects three-quarters of full-year savings.	(24,212,200)
2. New Employee Training School. Funding of \$9.0 million GF/GP would provide for training 400 new corrections officers to fill vacancies; would roughly double capacity.	9,032,500
3. Housing Adjustments and Unfunded FTEs. Detroit Re-Entry Center was opened in October 2012 and staffing needs were 8.8 FTEs (\$881,400 GP/GP) greater than originally estimated, and a housing unit conversion at Alger added beds but non-custody costs such as food and health care were not accounted for and an increase of \$506,200 GF/GP was required. 225.5 vacant, unfunded FTEs were eliminated from the bill (no funding change); and 18.0 unfunded FTEs were added to facilities line items to Re-Entry services.	1,387,600
4. Food Service IDG Adjustment. MDOC has agreements with MDHS and MDCH to provide food service to those Departments when MDOC operates a neighboring facility. Both agreements would have no GF/GP impact.	99,700
5. IT and Security Increases. Software licensing required \$250,900 GF/GP and statewide wireless and broadband internet expansion required \$678,200 (\$655,000 GF/GP). Special Equipment Funds from telephone contract revenue were used to fund upgrades to personal protection systems (\$6.0 million Gross, \$0 GF/GP).	6,929,100
6. Post-Closure Costs. Funds would allow MDOC to do maintenance on closed facilities including Standish Correctional Facility and Camps Kitwen, Manistique, and Ottawa.	634,100
7. Roll-ups and Internal Adjustments. Governor proposed consolidating several line items in the areas of operations support administration and health care. Governor also included a variety of internal adjustments (no overall gross or GF/GP impact) that included removing \$25.6 million from health care, \$19.7 million from prisoner re-entry, and \$9.0 million from leased beds, while adding \$159,200 to unclassified salaries, \$42.2 million to facility line items, \$6.3 million to food service, and \$7.0 million to transportation.	0
8. Retiree Rehire Savings. Public Act 432 of 2012 authorized MDOC to rehire recently retired corrections officers on a part-time basis without mandating they suspend their retirement benefits; \$10.0 million in savings in the bill is associated with extending or eliminating the sunset clause that would end this authorization at the end of FY 2012-13.	0
9. Remove One-Time. Employee lump sum funding of \$13.2 million (\$12.9 million GF/GP), \$1.1 million GF/GP in IT projects, and \$17.6 million (\$0 GF/GP) in Special Equipment Fund security projects contained in a supplemental were removed.	(31,955,400)
10. Economic Adjustments. Includes \$6,670,200 Gross and \$6,524,300 GF/GP for OPEB and \$42,206,500 Gross and \$41,299,100 GF/GP for other economic adjustments.	48,876,700
Total Changes	\$10,792,100
FY 2013-14 Governor's Recommendation	\$2,029,308,000

The changes show the differences between the schedule of programs proposed by the Governor and prior-year line items.

Changes from FY 2012-13 Year-to-Date:

1. **Definitions.** Thirty-four definitions were eliminated from the bill, ranging from simple acronyms such as SSA means "the United States social security administration", to broader definitions for concepts such as recidivism or cost per prisoner. Only three definitions would remain in the bill: administrative segregation, the Department or MDOC meaning Michigan Department of Corrections, and serious mental illness. (Sec. 5-203)
2. **Deletions.** The Governor proposed the elimination of the majority of the current-year boilerplate; the approximately 83 sections or subsections proposed for elimination include: 202, 204, 204a, 206, 207, 208, 209, 211(2 & 3), 212, 214, 215, 217, 224, 236, 237, 238, 239, 301 (from P.A. 305 of 2012), 304, 305, 402, 404, 405, 405a, 406, 407, 410(1 & 2), 411, 412, 413, 414(6), 415, 417, 418, 419, 420, 422, 424, 429, 430, 431, 433, 503, 504, 505, 601, 604, 606, 608, 611, 612, 613, 615, 802, 804, 806, 807, 809, 812, 814, 816, 907, 910, 911, 912, 913, 916, 921, 923, 925, 930, 935, 936, 937, 939, 940, 941, 942, 943, 945, 946, 1009, and 1011. The deletions include a variety of reporting requirements, statements of legislative intent, and guidance on certain programs.
3. **Special Equipment Fund.** Governor revised and shortened the language regarding the revenue from prisoner telephone services, known as the Special Equipment Fund. The section would no longer state that fee schedules for prisoner telephone calls should be the same as calls placed outside correctional facilities, except surcharges necessary for special equipment. The reporting requirement was also removed. (Sec. 5-219)
4. **Contingency Funds.** Governor increased contingency fund authorization for State restricted funds from \$5.0 million to \$10.0 million and local funds from \$2.0 million to \$4.0 million. (Sec. 5-223)
5. **Legal Services Funding.** Governor added a new section which states that funds shall not be used to hire individuals to provide legal services in areas that are the responsibility of the Attorney General. (Sec. 5-230)
6. **Department Scorecard Website.** Governor added a new section which requires MDOC to maintain a publicly-accessible website that tracks performance metrics. (Sec. 5-231)
7. **Inmate Housing Fund.** Governor revised to eliminate language stating that savings in the fund shall be achieved through competitive bidding; instead the language now states that funds in the inmate housing fund are for costs not specifically budgeted for elsewhere in the article. (Sec. 5-905)
8. **Public Works Intent.** Governor deleted the first sentence of the section which states legislative intent that the MDOC maintain or expand public works programming. The second part of the section would remain, which requires those contracting for public works to be responsible for financing the entire costs of such an agreement. (Sec. 5-906)
9. **Mentally Ill in Segregation.** Governor revised section to include the qualifier "due to serious mental illness" after the statement that prisoners with serious mental illness shall not be confined in administrative segregation. The requirement that those in therapeutic seclusion are monitored at least every 12 hours was also eliminated, although the section would continue to require monitoring at a frequency set forth in the mental health code. (Sec. 5-924)
10. **Less than 19 Mentally Ill or Emotionally Disturbed in Segregation.** Governor revised section to add the qualifier "due to serious mental illness or serious emotional disturbance" after the statement that these individuals shall not be placed in administrative segregation. As in Sec. 5-924, the "at least every 12 hours" requirement was eliminated but the evaluation frequency would be that which is set forth in the mental health code. (Sec. 5-929)
11. **Capital Outlay.** New language states that capital outlay funding shall be carried forward at year-end. (Sec. 5-1001)

Date Completed: 2-19-13

Fiscal Analyst: Dan O'Connor

Senate Bill 196 (as introduced)

Committee: Appropriations

FY 2012-13 Year-to-Date Gross Appropriation	\$328,909,900
Changes from FY 2012-13 Year-to-Date:	
1. Child Development and Care IDG Reduction. Governor included a \$12.5 million reduction in an IDG with the Department of Human Services (DHS) to reflect actual DHS expenditures for child development care external support, \$11.8 million of which was transferred to DHS to help address a statewide Temporary Assistance for Needy Families (TANF) shortfall. The remaining \$646,900 was transferred into child development care public assistance, resulting in a gross reduction of \$11.8 million (\$0 GF/GP).	(11,820,600)
2. Charter School Support. Governor proposed a \$255,000 (\$127,500 GF/GP) and 2.0 FTE increase for the Office of Field Services to support and monitor newly opened charter schools resulting from the lifted charter school cap with the enactment of PA 277 of 2011.	255,000
3. School Improvement Plans. Governor proposed a \$137,500 (\$137,500 GF/GP) and 1.0 FTE increase to allow the Department to review up to 300 School Improvement Plans annually (an increase from the current 180 reviews annually).	137,500
4. School Aid Transfer - Libraries. Governor included a \$2.8 million (\$2.8 million GF/GP) transfer from the School Aid budget to consolidate all library funding into one budget. The transfer includes funding for State aid and renaissance zone reimbursements.	2,804,300
5. MPERS Rate Cap - Libraries. Governor included \$1.3 million (\$1.3 million GF/GP) to cover MPERS contributions to libraries over the established cap on local contributions with the enactment of PA 300 of 2012.	1,300,000
6. Michigan College Access Network. Governor proposed the transfer of the Michigan College Access Network (\$2.0 million Gross, \$2.0 million GF/GP) into the Higher Education budget to better align with program objectives.	(2,000,000)
7. Accounting Support. Governor included a \$114,000 (\$13,700 GF/GP) and 1.0 FTE increase for additional accounting support for the Child Development and Care program not transferred from DHS with the creation of the Office of Great Start.	114,000
8. Information Technology Services. Governor included \$104,000 (\$31,700 GF/GP) for increased rates for the Department of Technology, Management, and Budget's statewide investment in wireless equipment, bandwidth infrastructure, and other technical increases.	104,000
9. Carl D. Perkins Grant. Governor proposed a \$40,000 (\$40,000 GF/GP) increase to meet the Carl D. Perkins Career and Technical Education grant's maintenance of effort requirements; this is a \$38.7 million Federal grant.	40,000
10. Economic Adjustments. Includes \$249,400 Gross and \$44,100 GF/GP for OPEB and \$2,151,200 Gross and \$466,000 GF/GP for other economic adjustments.	2,400,600
11. Other Changes. Includes a reduction of \$2.7 million (\$0 GF/GP) for Federal and private funding authorization to reflect actual revenue and \$674,300 (\$164,100 GF/GP) for the expiration of one-time funds from FY 2012-13.	(3,356,300)
Total Changes	(\$10,021,500)
FY 2013-14 Governor's Recommendation	\$318,888,400

The changes show the differences between the schedule of programs proposed by the Governor and the prior-year line items.

Changes from FY 2012-13 Year-to-Date:

1. **"Standard Boilerplate" Deleted.** The Governor proposed to eliminate the following sections of "standard" boilerplate that were consistent among departmental budgets: 202 (Management and Budget Act); 204 (Civil Service Commission billing); 205 (departmental use of the Internet to fulfill reporting requirements); 209 (Department of Technology, Management and Budget (DTMB) user charges); 210 (work projects carried forward); 212 (Buy American/Buy Michigan); 215 (out-of-state travel limitations); 216 (employees who communicate with Legislature); and 218 (retention of records).
2. **Other Deleted Sections.** Governor proposed to eliminate the following sections specific to the Department of Education budget: 208 (requiring districts to maintain complete personnel records); 211 (appeal of AYP status); 220 (providing reports and data requests within a certain time period); 225 (investigation and report of pupil membership fraud); 229 (activities and duties completed no later than deadlines); 501 (maintain professional personnel register and certificate revocation/felony conviction files); 601 (\$600,000 and 5.5 FTE earmark for charter schools office); 803 (intent for Library of Michigan to keep its component programs together, with genealogical collections exemption); 901 (notification of Federal and private grants received); 902 (funding uses for college access grant program); 903 (report on cyber schools); 1001 (eligible child care providers report); and 1002 (OGS report on an early childhood learning and development plan).
3. **Changes to Sections.** Governor proposed to keep, but revise, the following sections: 203 (definitions - Governor added definitions relevant to the School Aid library funds transfer); 207 (website with pertinent fiscal information- Governor changed required administrator to DTMB); and 214 (out-of-State travel conditions - Governor removed certain conditions and report information); 405 (assistance with securing Medicaid reimbursements for eligible services provided in schools - Governor moved from MSDB to general boilerplate) and 1003 (Early Childhood Investment Corporation (ECIC) report - Governor removed certain information required in the report and removed the RFP requirement for certain ECIC contracts).
4. **Additional Boilerplate.** Governor proposed adding the following sections: 6-206 (Department scorecard maintained online); 6-212 (payments for sub-recipient monitoring services); 6-602 (renaissance zone reimbursements for libraries); 6-603 (MPERS rate cap payments to libraries).

Date Completed: 2-14-13

Fiscal Analyst: Cameron S. Mock

Senate Bill 195 (as introduced)
Committee: Appropriations

FY 2012-13 Year-to-Date Gross Appropriation	\$432,329,900
Changes from FY 2012-13 Year-to-Date:	
1. Wetlands Program. The Governor included GF/GP funding for the operations of this program. \$600,000 of this amount would be one-time. Funding had previously come from other one-time funding and restricted funds that are no longer available.	1,600,000
2. Surface Water State Match. The Governor included GF/GP funding to draw down available Federal revenue at a 1:1 rate.	200,000
3. Office of the Great Lakes Fund Shift. The Governor included \$500,000 in GF/GP funding to replace restricted funds that are no longer available.	0
4. Strategic Water Quality Initiatives Fund. The Governor included \$97.0 million for grants and loans to municipalities for sewer upgrades and \$3.0 million for wetland mitigation banks. Revenue would come from bond issues under Proposal 2 of 2002.	100,000,000
5. Hazardous Waste Management Fee Increase. The Governor included revenue from an increase in hazardous waste management fees. The fees would generate approximately \$2.5 million annually. Additional appropriation authority is not necessary as the fees have been historically over-appropriated and existing appropriations are sufficient.	0
6. Hazardous Waste Management One-Time Funding. The Governor included one-time GF/GP revenue to maintain the current Hazardous Waste Management program.	400,000
7. Refined Petroleum Product Cleanup Program. The Governor included an additional \$2.5 million from the Refined Petroleum Fund for this program. This revenue is currently used in the Treasury budget and would be replaced by GF/GP.	2,500,000
8. Move Storage Tank Programs to LARA. The Governor recommended implementation of Executive Order 2012-14, which moved the storage tank programs from DEQ to LARA.	(4,925,700)
9. Revenue Adjustments. The Governor made technical adjustments to various Federal, restricted and IDG appropriations to reflect anticipated levels of revenue.	(12,107,600)
10. Remove One-Time Appropriations. The Governor removed FY 2012-13 one-time appropriations. Also removed were ongoing appropriations for Brownfield grants, the MiWaters computer system upgrade, and the Wickes TCE plume site.	(13,449,200)
11. Information Technology Upgrades. The Governor included funding for improvements to the Department's internet and wireless bandwidth.	90,300
12. Economic Adjustments. Includes \$715,300 Gross and \$89,800 GF/GP for OPEB and \$4,815,800 Gross and \$657,800 GF/GP for other economic adjustments.	5,531,100
Total Changes	\$79,838,900
FY 2013-14 Governor's Recommendation	\$512,168,800

The changes show the differences between the schedule of programs proposed by the Governor and the prior-year line items.

Changes from FY 2012-13 Year-to-Date:

1. **Civil Service Charges.** The Governor removed a section requiring the Department to pay 1% Civil Service charges. (Sec. 204)
2. **Internet Reporting.** The Governor removed a section requiring the Department to use the Internet to fulfill reporting requirements. (Sec. 205)
3. **IT Work Projects.** The Governor removed a section establishing IT appropriations as work projects. (Sec. 206)
4. **Report Retention.** The Governor removed a section requiring the Department to abide by State and Federal guidelines for record retention. (Sec. 207)
5. **IT User Fees.** The Governor removed a section requiring the Department to pay IT user fees. (Sec. 207)
6. **Buy American.** The Governor removed a section prohibiting the purchase of foreign goods. (Sec. 210)
7. **Deprived/Depressed Communities.** The Governor removed a section requiring the Director to encourage companies in deprived and depressed communities to compete for contracts. (Sec. 211)
8. **Disciplinary Action.** The Governor removed a section prohibiting disciplinary action from being taken against employees who communicate with the Legislature. (Sec. 212)
9. **Small Business Rules.** The Governor removed a section prohibiting rules that have a disproportionate impact on small businesses. (Sec. 213)
10. **Office Consolidation.** The Governor removed a section requiring the Department to cooperate with the office consolidation plan. (Sec. 218)
11. **FTE Reports.** The Governor removed reports on the number of funded FTEs in the Department. (Secs. 223 & 224)
12. **Permit Application Status Tool Report.** The Governor removed a report on the permit application status tracking tool. (Sec. 227)
13. **Customer Satisfaction Report.** The Governor removed a report on the customer satisfaction program. (Sec. 228)
14. **Expedited Permit Program Report.** The Governor removed a report on this program. (Sec. 229)
15. **Principal Measurable Outcomes.** The Governor removed a requirement to identify 10 principal measurable outcomes and provide a report. (Sec. 230)
16. **Department Scorecard.** The Governor included a new section requiring the Department to maintain a website containing a scorecard of agency metrics. (Sec. 7-231 of Exec. Rec.)
17. **Restricted Fund Transfer.** The Governor included a new section transferring \$72,600 from the Publication Revenue Fund to the Oil and Gas Regulatory Fund. (Sec. 7-232 of Exec. Rec.)
18. **RPF Repayment.** The Governor removed a section establishing intent that \$70.0 million borrowed from the Refined Petroleum Fund in FY 2006-07 be repaid. (Sec. 305)
19. **Wickes Manufacturing TCE Plume.** The Governor removed a section appropriating \$300,000 for a study of this cleanup site. (Sec. 307)
20. **Aquatic Nuisance Control (ANC) Program.** The Governor removed a section requiring \$700,000 and 5.0 FTEs to be allocated to this program. (Sec. 401)
21. **Groundwater Dispute Resolution Program.** The Governor removed a section requiring the Department to fund a groundwater dispute resolution program. (Sec. 402)
22. **Aquatic Invasive Species Advisory Council Funding.** The Governor removed a section requiring the Department to support the AIS advisory council. (Sec. 403)
23. **Solid Waste Report.** The Governor removed a report on the Solid Waste program. (Sec. 601)
24. **Drug and Chemical Disposal.** The Governor removed a section encouraging the Department to work with other agencies to maintain and expand programs for the safe disposal of drugs and chemicals. (Sec. 602)

Date Completed: 3-1-13

Fiscal Analyst: Josh Sefton

Senate Bill 194 (as introduced)
Committee: Appropriations

FY 2012-13 Year-to-Date Gross Appropriation	\$4,887,900
Changes from FY 2012-13 Year-to-Date:	
1. Removal of FY 2012-13 One-Time Funding. Governor eliminated the FY 2012-13 one-time appropriations for State employee lump-sum payments.	(58,700)
2. Executive Office. Governor included a 2% increase to reflect actual costs of operation.	97,800
3. Economic Adjustments. Includes \$0 for other post-employment benefits (OPEB) and \$43,000 for other economic adjustments.	43,000
Total Changes	\$82,100
FY 2013-14 Governor's Recommendation	\$4,970,000

The changes show the differences between the schedule of programs proposed by the Governor and the prior-year line items.

Changes from FY 2012-13 Year to Date:

1. There previously were no boilerplate sections for the Executive Office. The Governor added one general section listing the total State spending from State resources and the payments to local units of government. (Sec. 8-201)

Date Completed: 2-20-13

Fiscal Analyst: Joe Carrasco, Jr.

Senate Bill 193 (as introduced)

Committee: Appropriations

FY 2012-13 Year-to-Date Gross Appropriation	\$1,399,220,400
Changes from FY 2012-13 Year-to-Date:	
1. Performance Funding. The Governor included a 2.0% GF/GP increase for university operations and allocated funds consistent with the performance funding and tuition restraint formulas adopted in the FY 2012-13 Higher Education budget. Metrics include weighted undergraduate completions in critical skills, research and development expenditures, six-year graduation rates, total completions, and administrative costs. The Governor maintains the prerequisites for qualifying for performance funding including participation in at least three reverse transfer agreements, a dual-enrollment policy that does not consider whether the credits were used toward high school graduation, and participation in the Michigan Transfer Network. <u>Table 2</u> provides details on the Governor's proposed allocation of performance funding.	24,869,000
2. MSU AgBioResearch and Extension. The Governor increased funding by 2.0% GF/GP, from \$54,204,600 to \$55,288,700.	1,084,100
3. Tuition Incentive Program (TIP). The Governor increased this program by \$3.2 million GF/GP (7.3%), from \$43.8 million to \$47.0 million. The program provides an incentive to students to complete high school and go on to college by pledging to pay tuition and fees for associate degree or certificate programs, as well as up to a maximum amount of \$2,000 for junior and senior years combined at a four-year institution. Students in grades 6 through 12 who are Medicaid-eligible for 24 months within a 36-consecutive-month period can qualify for TIP. To limit growth in the cost of the program, the Governor is recommending that beginning with FY 2014-15, Phase I grants to Michigan public four-year institutions be limited to 300% of the statewide average per credit hour cost of a public community college.	3,200,000
4. Children of Veterans/Officers Survivors Tuition Grants. The Governor increased funding from \$1.2 million to \$1.4 million. The appropriation funds two programs. Public Act 248 of 2005 repealed a program that had been established in 1935 and replaced it with tuition grants for children of Michigan veterans who either died or were permanently disabled. An undergraduate student at a Michigan two-year or four-year, public or private, institution is eligible for up to four academic years if the student maintains a 2.25 cumulative grade point average. The grants are funded from a State income tax check-off and the General Fund. The annual grant maximum for a full-time student is \$2,800 and for a part-time student is \$1,400.	200,000
5. College Access Program. The Governor's recommendation transfers this program from the Department of Education to the Higher Education Budget. There is no adjustment to the level of funding in FY 2012-13.	2,000,000
Total Changes	\$31,353,100
FY 2013-14 Governor's Recommendation	\$1,430,573,500

The changes show the differences between the schedule of programs proposed by the Governor and the prior-year line items.

Changes from FY 2012-13 Year-to-Date:

1. **Posting of Expenditures.** Posting of financial and other information on university websites. Includes specific salary information. Authorizes Budget Director to withhold State aid payments for noncompliance. The Governor removed listing of individual names and salaries and added listing of number of employees by job classification, revenue and expenditure projections, and institution debt service information to information required to be posted. (Sec. 245)
2. **State Tuition Grant Program.** Public Act 313 of 1966 established the Tuition Grant Program for undergraduate and graduate students at Michigan two-year and four-year private institutions are eligible based on financial need. The annual grant maximum stated in the boilerplate is \$1,512. The Governor changed the application deadline from July 1 to March 1, eliminated work project authorization (carry-forward of unexpended funds), and requires independent colleges and universities to submit annual P-20 longitudinal data system sets to the Center for Educational Performance and Information. The Governor also requires annual reports on the number of tuition grant students that successfully completed a program or graduated, the number of tuition grant students taking remedial classes, and Pell grant students that successfully completed a program or graduated. (Sec. 252)
3. **Tuition Incentive Program.** Sets criteria and financial thresholds for the Tuition Incentive Program (TIP). TIP provides an incentive to students to complete high school and go on to college. The Governor eliminated program criteria from this section and is recommending a new statute to govern the program. The proposed legislation would limit the amount paid for Phase I students attending a university to 300.0% of the average statewide community college per credit hour cost. (Sec. 256)
4. **College Access Program.** Provides criteria for program. Funds can be used for operations, local college access networks, the Michigan College Access Portal, public awareness and outreach campaigns, and subgrants to postsecondary institutions. The Governor is recommending that this program be transferred from Department of Education to the Higher Education Budget. (Sec. 259)
5. **Tuition Restraint.** The Governor changed the limit on resident undergraduate tuition increases from not "greater than 4.0%" to not "4.0% or higher." The Governor also eliminated the requirement for reports on projected tuition, revenue, and expenditures. (Sec. 265)
6. **King-Chavez-Parks-Hood Unexpended Grant Funds.** The Governor modified this section to provide that funds remaining after reallocation of unexpended funds may be used by the Workforce Development Agency for administration of the programs. (Sec. 282)
7. **Deleted Provisions.** The Governor removed the following sections: Second-year appropriation intent language – Governor replaced with line item appropriations (Sec. 236a); buy American/buy Michigan intent language (Sec. 239); purchase of foreign automobiles prohibition (Sec. 239a); provision stating the acceptance and use of Federal or private funds does not place an obligation upon the Legislature to continue the purposes for which the funds are made available (portion of Sec. 242); intent regarding protection/preservation of U of M Douglas Lake Biological Station (Sec. 261); reporting requirement regarding withheld performance funding (portion of Sec. 265a); unfunded Indian tuition waiver costs (Sec. 268); counseling degree programs/student's religious beliefs (Sec. 273); legislative intent that public universities shall not use appropriations to benefit a nonprofit worker center whose documented activities include coercion against a Michigan business (Sec 273a); human embryonic stem cell research report (Sec. 274); legislative intent regarding adult co-resident health benefits (Sec. 274a); Yellow Ribbon GI Education Enhancement Program notice/reporting requirements (portion of Sec. 275); prohibits use of funds for the construction or maintenance of a self-liquidating project, requires compliance with JCOS use and finance requirements and includes penalty provisions (Sec. 275a); new degree programs (Sec. 290); and Federal Educational Rights and Privacy Act (Sec. 293).

Date Completed: 2-14-13

Fiscal Analyst: Bill Bowerman

Table 1

FY 2013-14 HIGHER EDUCATION APPROPRIATIONS: GOVERNOR'S RECOMMENDATION

	FY 2012-13 Y-T-D Approps.	Total Formula Distribution	Other Changes	FY 2013-14 Governor's Rec.	Dollar Change from FY 2012-13	Percent Change
University						
Central	\$71,352,300	\$1,660,100		\$73,012,400	\$1,660,100	2.3%
Eastern	66,466,700	600,900		67,067,600	600,900	0.9%
Ferris	44,250,700	2,083,400		46,334,100	2,083,400	4.7%
Grand Valley	55,436,000	1,778,500		57,214,500	1,778,500	3.2%
Lake Superior	12,046,100	620,200		12,666,300	620,200	5.1%
Michigan State	245,037,000	2,386,800		247,423,800	2,386,800	1.0%
Michigan Tech	42,579,100	1,190,900		43,770,000	1,190,900	2.8%
Northern	40,856,600	852,400		41,709,000	852,400	2.1%
Oakland	44,964,100	696,400		45,660,500	696,400	1.5%
Saginaw Valley	25,656,700	533,700		26,190,400	533,700	2.1%
UM-Ann Arbor	274,156,700	3,079,100		277,235,800	3,079,100	1.1%
UM-Dearborn	22,237,300	246,300		22,483,600	246,300	1.1%
UM-Flint	19,526,600	952,100		20,478,700	952,100	4.9%
Wayne State	183,398,300	456,000		183,854,300	456,000	0.2%
Western	95,487,500	1,514,900		97,002,400	1,514,900	1.6%
Tuition Restraint Incentive ¹⁾	0	6,217,300		6,217,300	6,217,300	---
MPERS Retiree Health Care	446,200			446,200	0	0.0%
MSU AgBioResearch & Extension	54,204,600		1,084,100	55,288,700	1,084,100	2.0%
Higher Education Database	105,000			105,000	0	0.0%
Midwest Higher Ed Compact	95,000			95,000	0	0.0%
King-Chavez-Parks	2,691,500			2,691,500	0	0.0%
College Access Program	0		2,000,000	2,000,000	2,000,000	---
Total Universities	\$1,300,994,000	\$24,869,000	\$3,084,100	\$1,328,947,100	\$27,953,100	2.1%
School Aid Fund	\$200,465,700		\$0	200,465,700	\$0	0.0%
State GF/GP	\$1,100,528,300	\$24,869,000	\$3,084,100	\$1,128,481,400	\$27,953,100	2.5%
Grants and Financial Aid						
State Competitive Scholarships	\$18,361,700			\$18,361,700	\$0	0.0%
Tuition Grants	31,664,700			31,664,700	0	0.0%
Tuition Incentive Program (TIP)	43,800,000		3,200,000	47,000,000	3,200,000	7.3%
Children of Veterans & Officer's Tuition	1,200,000		200,000	1,400,000	200,000	16.7%
Project Gear-Up	3,200,000			3,200,000	0	0.0%
Total Grants/Financial Aid	\$98,226,400		3,400,000	\$101,626,400	\$3,400,000	3.5%
Federal Higher Ed Act	3,200,000		0	3,200,000	0	0.0%
Federal TANF	93,826,400		0	93,826,400	0	0.0%
Veterans Tax Check-off	100,000		0	100,000	0	0.0%
State GF/GP	\$1,100,000		\$3,400,000	\$4,500,000	\$3,400,000	309.1%
TOTAL HIGHER EDUCATION						
TOTAL ALL FUNDS	\$1,399,220,400	\$24,869,000	\$6,484,100	\$1,430,573,500	\$31,353,100	2.2%
TOTAL FEDERAL	97,026,400	0	0	97,026,400	0	0.0%
TOTAL STATE RESTRICTED	200,565,700	0	0	200,565,700	0	0.0%
TOTAL STATE GF/GP	\$1,101,628,300	\$24,869,000	\$6,484,100	\$1,132,981,400	\$31,353,100	2.8%

1) FY 2012-13 tuition restraint incentive appropriation is allocated to university line items. FY 2013-14 distributions will be made to universities after university boards set FY 2013-14 tuition and fee rates.

Table 2

**FY 2013-14 HIGHER EDUCATION APPROPRIATION BILL
UNIVERSITY OPERATIONS - GOVERNOR'S RECOMMENDATION**

	FY 2012-13 Year-to-Date	Critical Skills	Research & Development Expenditures	Six-Year Graduation Rate	Total Degree Completion	Institutional Support as % of Core Expenditures	Total Performance Funding	FY 2013-14 Governor's Rec.	Percent Change
Central	\$71,352,300	\$197,597	\$12,150	\$285,851	\$276,322	\$888,179	\$1,660,100	\$73,012,400	2.3%
Eastern	66,466,700	186,418	---	---	414,483	---	600,900	67,067,600	0.9%
Ferris	44,250,700	352,001	---	428,776	414,483	888,179	2,083,400	46,334,100	4.7%
Grand Valley	55,436,000	343,090	---	428,776	414,483	592,119	1,778,500	57,214,500	3.2%
Lake Superior	12,046,100	53,265	---	428,776	138,161	---	620,200	12,666,300	5.1%
Michigan State	245,037,000	773,473	474,036	428,776	414,483	296,060	2,386,800	247,423,800	1.0%
Michigan Tech	42,579,100	262,240	85,407	428,776	414,483	---	1,190,900	43,770,000	2.8%
Northern	40,856,600	137,109	---	142,925	276,322	296,060	852,400	41,709,000	2.1%
Oakland	44,964,100	266,560	15,383	---	414,483	---	696,400	45,660,500	1.5%
Saginaw Valley	25,656,700	104,969	---	428,776	---	---	533,700	26,190,400	2.1%
UM-Ann Arbor	274,156,700	763,383	1,176,389	428,776	414,483	296,060	3,079,100	277,235,800	1.1%
UM-Dearborn	22,237,300	103,372	---	142,925	---	---	246,300	22,483,600	1.1%
UM-Flint	19,526,600	108,889	---	428,776	414,483	---	952,100	20,478,700	4.9%
Wayne State	183,398,300	191,354	264,604	---	---	---	456,000	183,854,300	0.2%
Western	95,487,500	301,114	44,448	142,925	138,161	888,179	1,514,900	97,002,400	1.6%
Tuition Restraint ¹⁾							6,217,300	6,217,300	---
TOTAL	\$1,243,451,700	\$4,144,833	\$2,072,417	\$4,144,833	\$4,144,833	\$4,144,833	\$24,869,000	\$1,268,320,700	2.0%
¹⁾ FY 2012-13 tuition restraint included in university line items. Tuition restraint amounts for FY 2013-14 will not be allocated until August 2013.									

Senate Bill 192 (as introduced)
Committee: Appropriations

FY 2012-13 Year-to-Date Gross Appropriation	\$6,704,093,700
Changes from FY 2012-13 Year-to-Date:	
1. Food Assistance Program. The Governor recognized a reduced caseload in the Food Assistance Program (FAP) and the loss of Federal ARRA funding for food assistance.	(683,698,900)
2. Michigan Energy Assistance Program. The Governor provided a replacement for one-time funding in the FY 2012-13 budget for low-income energy assistance (\$0.0 GF/GP).	60,000,000
3. Family Independence Program. The Governor recognized a lower caseload and funded exemptions to the 60-month time limit (\$6.0 million Gross/\$0.0 GF/GP).	(15,846,400)
4. Fraud Prevention. The Governor provided one-time funding for a biometric analysis system to prevent fraud, three additional attorneys for the Attorney General, and funding to comply with the Voter Registration Act (\$0.7 million Gross/\$0.4 GF/GP).	2,717,600
5. Pathways to Potential. The Governor provided funding for 25.0 FTEs: Child Support Specialists (11.0 FTEs), Child Welfare Institute (10.0 FTEs), and Medical Review Team (4.0 FTEs), and tuition reimbursements (\$3.1 million Gross/\$0.9 million GF/GP).	6,220,200
6. Public Assistance and Other Services. The Governor provided increased funding for 1.0 FTE SSI Advocate, the State Disbursement Unit, Disability Determination Operations, and State Supplement Administration. The Governor also recognized the loss of one-time funding for Michigan Rehabilitative Services (\$0.5 million Gross/\$0.0 GF/GP).	8,807,000
7. Child Welfare and Services. The Governor annualized the costs of 577.0 FTE child welfare staff and increased funding for other programs. An increase for the Mobile Workers Initiative was offset by a reduction in rent (\$0.2 million Gross/\$0.1 million GF/GP).	28,997,300
8. Juvenile Justice. The Governor increased funding for Community Support Services and County Juvenile Officers and provided funding for a Juvenile Justice Analyst (1.0 FTE).	719,300
9. Information Technology and Operations. The Governor recognized increased phone and internet costs. Also included were a realignment of SACWIS costs, an additional Building Occupancy adjustment, and a one-time appropriation for BRIDGES (18.5 FTEs).	8,015,300
10. Child Welfare Caseload Adjustments. The Governor adjusted the Foster Care, Guardianship Assistance and Adoption Subsidy caseloads, and the Child Care Fund.	(23,242,300)
11. Other Public Assistance Caseload Adjustments. The Governor recognized adjustments to the State Disability Assistance and SSI State Supplement caseloads.	186,100
12. Funding Adjustments. The Governor removed \$74.4 million Gross and \$34.6 million GF/GP in one-time funding, aligned Federal and restricted funding for availability, and recognized \$7.5 million Gross/\$3.2 million GF/GP in savings from SACWIS.	(91,941,900)
13. Economic Adjustments. Includes \$4,848,900 Gross and \$1,822,500 GF/GP for OPEB and \$35,421,700 Gross and \$12,725,100 GF/GP for other economic adjustments.	40,270,600
14. Other Changes. The Governor recognized FTE alignments, transfers, annualization of 4.0 FTEs Civil Service staff (\$0.5 million Gross/\$0.1 GF/GP), a new FMAP rate of 66.32% (\$0.2 million GF/GP), and a GF/GP savings from a TANF swap of \$2.5 million GF/GP.	478,500
Total Changes	(\$658,317,600)
FY 2013-14 Governor's Recommendation	\$6,045,776,100

The changes show the differences between the schedule of programs proposed by the Governor and the prior-year line items.

Changes from FY 2012-13 Year-to-Date:

1. **Department Scorecard.** The Governor included new language that requires the Department to maintain on a public website a scorecard to identify, track, and update metrics that are used to monitor and improve the agency's performance. (Sec. 9-299)
2. **Indigent Burial.** The Governor revised language on indigent burial requirements, removing the definition of an "unclaimed" deceased person. (Sec. 613)
3. **Michigan Rehabilitative Services.** The Governor removed boilerplate language in Public Act 305, which provided a supplemental appropriation to transfer Michigan Rehabilitative Services to DHS. (Secs. 401, 402, and 403)
4. **Contract Requirements.** The Governor removed the requirement that all DHS human service contracts must be performance-based and that DHS must notify the Legislature of any contract change that increases rates. (Secs. 240 and 279)
5. **Medicaid.** The Governor removed language permitting the temporary hire of MRT staff if Medicaid applications are backlogged by more than 2,000. Also removed the guarantee that a child under state or court supervision who receives Medicaid will continue to receive Medicaid with no break in coverage if the child moves to another county. (Secs. 225 and 506)
6. **Per Diem Foster Care Rates.** The Governor removed language that established the daily administrative rate at \$37.00 per day, the independent living foster care services at \$28.00 per day, and language that reinstated the specialized independent living services rate to FY 2010-11 levels. (Sec. 546)
7. **Private Agency Training.** The Governor removed language regarding training for private child placing agencies. (Secs. 585 and 753)
8. **Actuarially Sound Rates for Contracts.** The Governor removed requirement for DHS to set actuarially sound rates for contracts with private agencies providing child welfare services. (Sec. 503)
9. **Psychotropic Medication.** The Governor removed language on standard of promptness for approving changes to psychotropic medication for children under State supervision. (Sec. 540)
10. **Juvenile Justice.** The Governor removed language requiring the Department to post a request for proposals for a private residential facility to be a provider of last resort if demand exceeds capacity in the public facilities, and language permitting the rewrite of the MOU with Wayne County. (Secs. 710 and 721)
11. **Fraud Prevention.** The Governor removed language requiring a report on the number of cases removed from assistance due to the LEIN interface, a report on EBT fraud, and language requiring the Department to inform the public of the welfare fraud hotline in any public advertisement for state assistance. (Secs. 290, 617, and 672)
12. **E-Verify System.** The Governor removed language requiring the Department to use the E-Verify system when hiring new employees and new employees of contractors and sub-contractors. (Sec. 291)
13. **Vehicle Purchase and Repair.** The Governor removed language that allowed the Department to contract with a nonprofit entity for vehicle repairs and capped repairs at \$500 with exceptions up to \$900. (Secs. 424 and 425)
14. **One-Time Appropriations.** The Governor removed language regarding one-time appropriations in FY 2012-13. (Secs. 1201, 1205, 1207, and 1208)
15. **Work Groups.** The Governor removed language requiring various work groups on child welfare issues in FY 2012-13. (Secs. 510, 511, 515, 517, 533, and 583)
16. **Other Legislative Reports.** The Governor removed report requirements on FTE numbers, loss of Federal funding, carryforward funding, policy changes, Federal grants, supervisor-to-staff ratio, Michigan 2-1-1, prosecuting attorney contracts for elder abuse, juvenile justice statistics, children in out-of-state placement, CPS investigations and cases, family preservation programs, licensing, adoption complaints, private agency training, CRI Settlement, foster care transfers, LEIN, FIP work participation, and weatherization. (Secs. 214, 215, 221, 222, 274, 298, 307, 420, 505, 513, 514, 523, 532, 556, 588, 589, 617, 677, and 1105)

Date Completed: 2-15-13

Fiscal Analyst: Frances Carley

Senate Bill 191 (as introduced)

Committee: Appropriations

FY 2012-13 Year-to-Date Gross Appropriation	\$273,760,100
Changes from FY 2012-13 Year-to-Date:	
1. Regionalization and Expansion of Drug, DWI, and Veterans Courts. Governor provided \$3.0 million in GF/GP funding for grants to increase the number of drug courts, DWI/sobriety courts, and veterans' treatment courts. Funding would also be used to encourage regional collaboration for DWI/sobriety courts; currently existing but not previously state-funded veterans' courts would also have an opportunity for grant funding.	3,000,000
2. Expand Mental Health Courts. Governor nearly doubled funding for mental health courts, increasing funding from \$2.1 million to \$4.1 million (\$2.0 million GF/GP). Added funding would enable five to ten courts to receive grants in addition to the nine courts currently operating.	2,000,000
3. New Line Items for Mental Health Courts and Swift and Sure. Previously, mental health courts funding and swift-and-sure sanctions funding were in the State Court Administrative Office (SCAO) and drug courts line items respectively; the Governor moved these items' funding into new line items.	0
4. Trial Court Performance Innovations Fund. The Governor created a new fund (\$4.0 million GF/GP) to provide incentives to courts to become early adopters of best practices such as performance indicators and provide seed money for projects that improve court efficiency.	4,000,000
5. Implementation of Case Management System. The SCAO is leading the implementation of a new unified case management information system called Michigan Court System (MiCS). \$2.5 million GF/GP funding would train 3,600 system users to begin the transition.	2,500,000
6. SADO Staff Increase. State Appellate Defender Office (SADO) is statutorily required to handle 25% of the state's criminal defense appellate cases, but in the current fiscal year they are expected to achieve only 22%. The Governor added 1.0 FTE using GF/GP funds to enable the office to fulfill its caseload mandate.	107,200
7. Judgeship Attrition Savings. In accordance with the 2011 Judicial Resource Recommendation, the Legislature passed a package of bills reducing approximately 40 judgeships by attrition; associated with these reductions the Governor reflected GF/GP savings that will be achieved by the attrition of 5.0 judgeships. This number does not reflect full-year savings for all positions as partial savings were recognized in FY 2012-13.	(391,500)
8. Align Federal and Restricted Revenues. Several Federal grants and Restricted revenue sources have declined from previous levels; the Governor reduced these items to align spending authorization with anticipated revenue levels (\$0 GF/GP).	(1,284,500)
9. Remove One-time Funding for FY 2012-13 Employee Lump-sum Payments. Payment was drawn proportionally from various funding sources; reduction of \$636,900 GF/GP.	(827,200)
10. Economic Adjustments. Includes \$265,000 Gross and \$218,000 GF/GP for OPEB and \$2,187,100 Gross and \$1,893,000 GF/GP for other economic adjustments.	2,452,100
Total Changes	11,556,100
FY 2013-14 Governor's Recommendation	\$285,316,200

The changes show the differences between the schedule of programs proposed by the Governor and the prior-year line items.

Changes from FY 2012-13 Year-to-Date:

1. **Payments to Locals.** The Trial Court Innovations Fund, one-time funding associated with incentivizing best practices, and the one-time funding for the Michigan Court System (MiCS) case management software implementation are both considered payments to locals; Section 10-201 was updated accordingly.
2. **Deletions.** In keeping with the condensed structure of the Governor's budget, the following current-year language sections were not included: 204, 212, 214, 306, 309, 310, 312, and 321. All were proposed to be deleted in last year's Governor's Recommendation but were subsequently added back by the Legislature. The subjects of these sections included not taking disciplinary action against an employee for communicating with the Legislature; the preference for buying American, Michigan and veteran-owned goods and services; reporting requirements for mental health courts, drug courts and the Parental Rights Restoration Act; and the creation of a legal self-help website.
3. **Definitions.** The Governor eliminated a number of definitions that would no longer be used in the bill. (Sec. 10-203)
4. **Internet Reporting.** The Governor revised the section regarding internet reporting; the language would no longer require that the internet be used for the reporting requirements of the article (but that does not mean it would not be used despite the lack of requirement). Instead the language would state that the internet reporting in the article be completed with the approval of and at the discretion of the Supreme Court. (Sec. 10-208)
5. **Performance Scorecard Website.** The Governor proposed a new section stating that the Judiciary shall maintain a publicly accessible website that tracks key performance metrics. (Sec. 10-223)
6. **Adjust Byrne Grant.** The grant amount the Judiciary is expected to receive as an IDG from the Department of State Police to support drug courts was reduced from \$1.8 million to \$1.5 million. (Sec. 10-311(4))
7. **Swift-and-Sure Sanctions - Revise.** The Governor's proposed revision would delete subsection (2) which previously limited participation in the program only to courts which operated a drug court or had a unified trial court. The new language would open up the grant application process to any court that hears felony criminal cases. The new language also does not include subsections (3) and (4) which provided grant preference guidelines and reporting requirements. Additionally, the swift-and-sure sanctions program funding had previously been included in the drug court line item, but under the Governor's proposed budget it is included as a new line item. The associated boilerplate section is updated to reflect the new bill structure. Lastly, the revised language now also states that the funds shall be administered in accordance with the Probation Swift-and-Sure Sanctions Act (P.A. 616 of 2012). Because the grant administration would be done in accordance with P.A. 616 of 2012, there would still be a reporting requirement, but the requirements listed in statute are not the same as those required in current boilerplate. (Sec. 10-320)
8. **Federal Grant Funding.** New language states that if the State Appellate Defender Office (SADO) receives Federal grant funding exceeding the amount allotted in Part 1, SADO may expend up to \$300,000 in grant funds as "other Federal grants." (Sec. 10-322)

Date Completed: 2-14-13

Fiscal Analyst: Dan O'Connor

Senate Bill 194 (as introduced)
Committee: Appropriations

FY 2012-13 Year-to-Date Gross Appropriation	\$129,610,200
Changes from FY 2012-13 Year-to-Date:	
1. Auditor General - Removal of FY 2012-13 One-time Funding. Governor eliminated the FY 2012-13 one-time appropriations for State employee lump-sum payments.	(270,900)
2. Auditor General - Augmented Funding. The Governor increased funding so that the Auditor General can enhance audit oversight and service delivery, including the annual Comprehensive Annual Financial Report (CAFR).	250,000
3. Auditor General - Technical Adjustment. The Governor moved boilerplate authorization that allows the Auditor General to receive and expend funds for additional audits to the line items section in Part 1. Though this increased the total appropriation, this is NOT NEW funding as previous boilerplate language allowed for the receipt and expenditure of these funds.	1,255,200
4. Legislative Adjustment. The Governor increased funding by a total of 11.6%. Funding will primarily be used to cover increased other post-employment benefits (OPEB) and other unfunded retirement costs. These increased costs affect only Legislative staff as current Legislators are not eligible for pensions or retirement health care benefits.	12,896,800
5. Economic Adjustments - Auditor General. Includes \$92,400 for OPEB and \$540,000 for other economic adjustments.	632,400
Total Changes	\$14,763,500
FY 2013-14 Governor's Recommendation	\$144,373,700

The changes show the differences between the schedule of programs proposed by the Governor and the prior-year line items.

Changes from FY 2012-13 Year to Date:

1. **Total State Spending.** The Governor added one general section listing the total State spending from State resources and the payments to local units of government. (Sec. 11-201)
2. **Re-numbering of Sections.** Sections of boilerplate that have been retained in the Governor's budget are re-numbered accordingly for Article 11.
3. **Date Changes.** The Governor extended the work project dates to September 30, 2018, for Property Management and Legislative Automated Processing. (Secs. 11-606 and 11-607)

Date Completed: 2-15-13

Fiscal Analyst: Joe Carrasco, Jr.

Senate Bill 190 (as introduced)
Committee: Appropriations

FY 2012-13 Year-to-Date Gross Appropriation	\$645,901,800
Changes from FY 2012-13 Year-to-Date:	
1. Survey and Remonumentation Grants. The Governor included an increase for these grants to reflect the availability of dedicated restricted revenue. \$5.3 million was appropriated for this purpose in FY13.	2,000,000
2. Liquor Law Enforcement Grants. The Governor included additional revenue for these grants to local units of government. Statute requires a percentage of liquor licenses fees to be returned to local units.	600,000
3. Unclassified Salaries. The Governor included additional restricted funds to increase salaries for certain unclassified positions. These positions are administrative law positions where current salaries are not competitive with the private sector. \$4.6 million is appropriated for Unclassified Salaries in FY13.	176,300
4. Storage Tank Programs. The Governor included funding to reflect the transfer of the Aboveground Storage Tank program and Underground Storage Tank program from DEQ to LARA as specified in Executive Order (E.O.) 2012-14.	4,393,100
5. Veteran Exemptions GF/GP Shift. The Governor included \$3.7 million in additional GF/GP revenue to offset projected revenue losses from commercial service fees, occupational fees and corporation's fees due to exemptions for veterans that were enacted last year.	0
6. Unemployment Insurance (UI) Agency Reduction. The Governor removed Federal authorization and 470.0 FTEs to reflect a loss in Federal UI administration block grants. The block grants are given to states by a formula based on the number of residents receiving UI benefit payments.	(67,161,900)
7. Excess Appropriation Authority. The Governor reduced Federal and State restricted fund appropriations to reflect anticipated revenues.	(14,800,000)
8. Remove One-Time and Supplemental Funding. The Governor removed FY13 one-time appropriations and Right-to-Work supplemental appropriations.	(8,532,200)
9. Rent Reduction. The Governor reduced appropriations for private leases to reflect consolidation of office space and reduction of UI Agency staff.	(900,000)
10. Prevailing Wage Section Transfer. The Governor included funding to reflect the transfer of the Prevailing Wage section from Michigan Strategic Fund to LARA in E.O. 2012-9.	132,300
11. Michigan Administrative Hearing System (MAHS) IDGs. The Governor included adjustments to the IDGs MAHS receives from other agencies based on actual costs.	(111,500)
12. IT Upgrades. The Governor included additional funds for improvements to wireless service and internet bandwidth.	443,300
13. Economic Adjustments. Includes \$2,335,500 Gross and \$236,800 GF/GP for OPEB and \$9,429,600 Gross and (\$31,900) GF/GP for other economic adjustments.	11,765,100
Total Changes	(\$71,995,500)
FY 2013-14 Governor's Recommendation	\$573,906,300

The changes show the differences between the schedule of programs proposed by the Governor and the prior-year line items.

Changes from FY 2012-13 Year-to-Date:

1. **Internet Reporting.** The Governor removed a section requiring the Department to use the Internet to fulfill reporting requirements. (Sec. 208)
2. **Buy American.** The Governor removed a section prohibiting the purchase of foreign goods. (Sec. 209)
3. **IT Work Projects.** The Governor removed a section establishing IT appropriations as work projects. (Sec. 211)
4. **Report Retention.** The Governor removed a section requiring the Department to abide by State and Federal guidelines for record retention. (Sec. 212)
5. **IT User Fees.** The Governor removed a section requiring the Department to pay IT user fees. (Sec. 214)
6. **Disciplinary Action.** The Governor removed a section prohibiting disciplinary action from being taken against employees who communicate with the Legislature. (Sec. 215)
7. **Office Consolidation.** The Governor removed a section requiring the Department to cooperate with the office consolidation plan. (Sec. 219)
8. **Private Grants.** The Governor removed a requirement that the Legislature be notified when a grant is received. (Sec. 225)
9. **Principal Measurable Outcomes.** The Governor removed a requirement to identify 10 principal measurable outcomes and provide a report. (Sec. 230)
10. **TV Productions.** The Governor removed a prohibition on the production of TV shows. (Sec. 232)
11. **Department Scorecard.** The Governor included a new section requiring the Department to maintain a website containing a scorecard of agency metrics. (Sec. 12-209 of Executive Recommendation)
12. **Lump-Sum Payment Report.** The Governor removed a section requiring a report on these payments. (Sec. 236)
13. **UIA IT Report.** The Governor removed a section requiring quarterly updates on this IT project. (Sec. 332)
14. **MARVIN Report.** The Governor removed a report on usage of the UI Agency's MARVIN system. (Sec. 333)
15. **MIOSHA Report.** The Governor removed a report on workers injured and killed annually. (Sec. 340)
16. **Rule Stringency.** The Governor removed a prohibition against rules more strict than Federal standards. (Sec. 341)
17. **Aggregate Industry CET Grants.** The Governor removed a vetoed section which allocated \$80,000 in Consultation, Education and Training grants to the aggregate industry. (Sec. 342)
18. **Occupational Regulation Report.** The Governor removed a report on occupational regulation. (Sec. 368)
19. **Tax Tribunal Report.** The Governor removed a report on cases heard by the Tax Tribunal. (Sec. 390)
20. **Nursing Facility Complaint Report.** The Governor removed a report on complaints at nursing facilities. (Sec. 714)
21. **Medical Marihuana Report.** The Governor removed a report on the Medical Marihuana Program. (Sec. 726)
22. **Health Systems Report.** The Governor removed a report on the facilities regulated by the Bureau of Health Systems. (Sec. 731)
23. **Freestanding Surgical Outpatient Facility (FSOF) Regulation.** The Governor removed a \$530,000 earmark for the regulation of FSOFs. (Sec. 732)
24. **Health Systems Fee Carryforward.** The Governor included a new section allowing fees collected by the Bureau of Health Systems and Radiological Health Administration to be carried forward at the end of the fiscal year. (Sec. 12-313 of Executive Recommendation)

Date Completed: 2-12-13

Fiscal Analyst: Josh Sefton

Senate Bill 187 (as introduced)
Committee: Appropriations

FY 2012-13 Year-to-Date Gross Appropriation	\$172,073,600
Changes from FY 2012-13 Year-to-Date:	
1. Veterans Service Delivery Enhancements — Veterans Affairs Agency. Governor recommended \$8.0 million GF/GP (\$4.0 on-going and \$4.0 million one-time for start-up costs) to provide for the establishment of a new Michigan Veterans Affairs Agency, created by Executive Order 2013-2.	8,000,000
2. State Veterans Service Officers. Governor recommended 5.0 FTEs and \$600,000 GF/GP to pay for costs of state employee who will become VA accredited to assist veterans and to train county veterans' service officers and counselors.	600,000
3. Veterans Homes Special Maintenance. Governor recommended \$500,000 GF/GP for on-going maintenance needs at the Grand Rapids and D.J. Jacobetti Veterans Homes.	500,000
4. Grand Rapids Veterans Home-Laundry Costs. Governor included \$60,000 GF/GP to reflect increased costs and expansion/upgrade of services.	60,000
5. Information Technology. Governor recommended adding \$26,000 Gross (\$3,800 GF/GP) to cover additional IT rates and services.	26,000
6. Flint Armory Replacement. Governor removed appropriations for one-time project.	(12,000,000)
7. One-Time Appropriations for FY 2013. The Governor removed one-time FY 2012-13 appropriations of \$6,607,900 Gross (\$6,055,900 GF/GP) for Employee Lump Sum Payments (\$707,900), Veterans Service Enhancements (\$434,000) County Counselor Accreditation (\$200,000), and Department Data Upgrades and Digitization of Records (\$750,000).	(6,607,900)
8. Federal and State Projects Adjustment. Governor adjusted special maintenance to Federal revenues available and land acquisitions and appraisals to support acquisitions and boundary buffers.	(2,250,000)
9. Reductions to Reflect Actual Restricted Revenues Received. The Governor recommended reductions across several budget lines to reflect actual anticipated Restricted/Federal revenue, \$1,175,300.	(1,175,300)
10. Economic Adjustments. Includes \$617,500 Gross and \$231,600 GF/GP for OPEB and \$2,764,100 Gross and \$808,400 GF/GP for other economic adjustments.	3,381,600
Total Changes	(\$9,465,600)
FY 2013-14 Governor's Recommendation	\$162,608,000

The changes show the differences between the schedule of programs proposed by the Governor and the prior-year line items.

Changes from FY 2012-13 Year-to-Date:

1. **Incoming IDGs.** Governor struck language listing all incoming IDGs to the DMVA budget. (Sec. 204)
2. **Reporting Requirements.** Gov. struck section requiring use of Internet/Email to fulfill reporting requirements. (Sec. 208)
3. **Buy American.** Governor struck "buy American" goods and services requirement. (Sec. 209)
4. **Deprived and Depressed.** Gov. removed language requiring business be offered to deprived and depressed communities. (Sec. 210)
5. **Retain Reports.** Governor eliminated requirement for all reports be kept and retained by DMVA. (Sec. 212)
6. **Disciplinary Action.** Gov. eliminated language prohibiting action against employee who communicates with Legislature. (Sec. 215)
7. **Efficiencies.** Governor removed language outlining priorities for finding DMVA budgetary efficiencies. (Sec. 217)
8. **Quarterly Reports.** Governor removed requirement for detailed DMVA quarterly reports. (Sec. 219)
9. **Annual Report.** Governor removed a subsection which calls for a report on efforts to reduce administrative costs for the Michigan Veterans Trust Fund (MVTF) program and to maintain a MVTF corpus of at least \$50.0 million. (Sec. 220)
10. **Sale of Property.** Governor struck requirement to give 60-day notice prior to announcement to sell property. (Sec. 223)
11. **Co-Location of Facilities.** Governor struck requirement for DMVA to seek partnerships with U.S. Armed Forces Reserve Units for co-location of activities. (Sec. 226)
12. **Contractual Services Guidelines.** Governor struck language requiring bids for contractual services to not exclude public employee unions from bid process. (Sec. 227)
13. **Scorecard.** Governor added NEW language requiring website display and track key performance metrics. (Sec. 230)
14. **Unclassified Positions.** Governor struck language listing unclassified employee positions and requiring the DMVA to give 30-day notice prior to requesting a new position from the Civil Service Commission. (Sec. 300)
15. **Administrative Support.** Governor struck language requiring administrative support for DMVA operations. (Sec. 301)
16. **Armory Maintenance.** Governor struck subsections which required a maintenance upgrade of 15 armories to yellow or green status and requiring the DMVA to consult with the Legislature prior to closing or consolidating armories. (Sec. 302)
17. **Army and Air Guard Objectives/Metrics.** Gov. removed subsections requiring facility security comply with Federal regulations, that building maintenance meets Federal standards, and training and equipment be in accordance with U.S. Military requirements. (Sec. 304)
18. **Veterans and Community Outreach.** Gov. added language to existing section, requiring DMVA to maintain resources necessary to assist veterans in securing professional assistance, advocacy, and counseling regarding claims management issues. (Sec. 401)
19. **MVTF Metrics.** Governor removed subsection requiring work to increase grant approval and receipt by 5% over FY 2010-11. (Sec. 402)
20. **Veterans Homes.** Governor removed several subsections, which required a minimum number of licensed beds, transportation for medical appointments, daily laundry service, maintenance and custodial services, prohibits appropriations other than for veterans and their families, requires 30-day prior notice of change in post funds spending plans, requires contractor providing any competency evaluated nursing assistants have at least 8 hours of training, at least one 8-hour shift of shadowing at the home, is competent in basic skills, have at least one year of experience in long-term care, and at least 12 hours of in-service training. (Sec. 601)
21. **Michigan Veterans Facility Ombudsman.** Governor removed language describing the duties and responsibilities of a Michigan Veterans Facility Ombudsman. (Sec. 602)
22. **Lump Sum Capital Outlay.** Gov. removed language outlining lump sum payment process for capital outlay. (Sec. 701)
23. **Veterans' Homes Maintenance/Remodeling.** Governor removed language providing for one-time maintenance and remodeling projects for veterans' homes. (Sec. 703)
24. **Veterans Service Enhancements.** Governor removed language providing guidelines for one-time appropriations for veterans' enhancements, including campus initiatives, internet data system, and a requirement for a report. (Sec. 704)
25. **County Counselors/Service Officers.** Governor removed language providing for a one-time appropriation to establish a grant process by which the number of county counselors/service officers who are accredited to interact with the VA on behalf of veterans is required to increase. (Sec. 705)
26. **Records Modernization.** Governor removed language for a one-time appropriation requiring the DMVA to digitize all medical records and discharge documents currently on paper or microfilm. (Sec. 706)
27. **FY 2013-14 Appropriations.** Governor removed provisions for FY 2013-14 appropriations. (Sec. 1201)

Date Completed: 2-14-13

Fiscal Analyst: Bruce Baker

Senate Bill 188 (as introduced)
Committee: Appropriations

FY 2012-13 Year-to-Date Gross Appropriation	\$337,882,800
Changes from FY 2012-13 Year-to-Date:	
1. Conservation Officers. The Governor included \$2.9 million in ongoing GF/GP funding to hire 25 additional conservation officers. An additional \$600,000 in one-time GF/GP funding was included for training and equipping these officers.	3,500,000
2. Belle Isle Management. The Governor included GF/GP funding for the DNR's responsibilities under a potential agreement for State management of Belle Isle.	3,700,000
3. Increase Hunting and Fishing License Fees. The Governor included additional funding reflecting the increase of hunting and fishing license fees. Revenue from the fees would replace appropriation authority removed by Item 6 on this list, as well as support three new grant programs for game and fishing habitats.	11,365,000
4. Off-Road Vehicle License Fee Increase. The Governor included additional funding reflecting the increase of ORV license fees. These fees would increase from \$16.25 per year to \$26.25 per year with an additional \$10 fee for users wishing to use State trails.	2,700,000
5. Replace Great Lakes Research Vessel. The Governor included one-time funding to replace the Lake Huron Research Vessel <i>Chinook</i> .	2,000,000
6. Aquatic Invasive Species Specialist. The Governor included additional funding to support hiring an aquatic invasive species specialist as well as to support current activities the DNR undertakes to combat aquatic invasive species.	150,000
7. Reduce Excess Authorization. The Governor removed excess Federal, private and restricted fund authorization and FTEs to reflect revenues that are no longer available.	(14,689,900)
8. Capital Outlay Adjustments. The Governor removed some FY13 capital outlay projects and included new projects for FY14. Some FY13 Waterways projects were retained to reflect a State Budget Office supplemental request that would delay those FY13 projects and use current Waterways revenue to support dredging in FY13. The delayed projects would be resumed in FY14.	7,439,100
9. Accounting and Information Technology Adjustments. The Governor included additional funds to reflect increases in Accounting Service Center costs, as well as IT rate increases and the upgrade of wireless infrastructure and Internet bandwidth.	160,200
10. Remove FY13 One-Time Funding. The Governor removed one-time funding for State employee lump-sum payments and the Dam Management Grant program.	(3,892,600)
11. Economic Adjustments. Includes \$874,000 Gross and \$44,900 GF/GP for OPEB and \$3,200,300 Gross and \$232,100 GF/GP for other economic adjustments.	4,074,300
Total Changes	\$16,506,100
FY 2013-14 Governor's Recommendation	\$354,388,900

The changes show the differences between the schedule of programs proposed by the Governor and the prior-year line items.

Changes from FY 2012-13 Year-to-Date:

1. **Civil Service Charges.** The Governor removed a section requiring the Department to pay 1% Civil Service charges. (Sec. 204)
2. **Internet Reporting.** The Governor removed a section requiring the Department to use the Internet to fulfill reporting requirements. (Sec. 205)
3. **Buy American.** The Governor removed a section prohibiting the purchase of foreign goods. (Sec. 210)
4. **Deprived/Depressed Communities.** The Governor removed a section requiring the Director to encourage companies in deprived and depressed communities to compete for contracts. (Sec. 211)
5. **Disciplinary Action.** The Governor removed a section prohibiting disciplinary action from being taken against employees who communicate with the Legislature. (Sec. 212)
6. **Waterways Report.** The Governor removed a report on projects completed during the fiscal year. (Sec. 223)
7. **Principal Measurable Outcomes.** The Governor removed a requirement to identify 10 principal measurable outcomes and provide a report. (Sec. 230)
8. **FTE Report.** The Governor removed a quarterly report on the number of funded FTEs in the Department. (Sec. 233)
9. **Department Scorecard.** The Governor included a new section requiring the Department to maintain a website containing a scorecard of agency metrics. (Sec. 14-235 of Executive Recommendation)
10. **Land Transaction Report.** The Governor removed a report on land transactions from the previous year. (Sec. 408)
11. **Oil and Gas Lease Report.** The Governor removed a report on certain types of gas leases where acreage held in a producing unit is less than $\frac{1}{4}$ of the lease acreage. (Sec. 409)
12. **Invasive Species Order Report.** The Governor removed a report on invasive species order actions taken against swine raised under the husbandry of Michigan residents. (Sec. 503)
13. **Cervid Fee Report.** The Governor removed a report on the use of Cervid registration/inspection fees. (Sec. 504)
14. **Water Control Structure Certification.** The Governor removed a prohibition on impeding the certification of water control structures. (Sec. 602)
15. **Cormorant Report.** The Governor removed a quarterly report on Cormorant control efforts. (Sec. 603)
16. **Recreation Opportunities.** The Governor removed a requirement that the Legislature be notified of any intent to reduce recreation opportunities, and intent that forest campgrounds be open and accessible. (Secs. 702 & 806)
17. **Abandoned Mine Emergencies.** The Governor removed a \$350,000 emergency appropriation for abandoned mine collapses. (Sec. 801)
18. **Timber Marking.** The Governor removed two sections that prescribed minimum amounts of timber to be prepared and marked for harvest, and that a sufficient number of foresters be hired to do so. (Secs. 802 & 805)
19. **Horseback Interests.** The Governor removed a requirement that the DNR work with horseback interests. (Sec. 804)
20. **Snowmobile Law Enforcement.** The Governor removed criteria for how these grants are distributed. (Sec. 901)
21. **Marine Safety Grant Report.** The Governor removed a report on these grants and funds used for them. (Sec. 902)
22. **ORV Trail Improvement Grants.** The Governor removed a requirement that at least \$980,000 of these grants be used for new trails. (Sec. 1002)

Date Completed: 2-12-13

Fiscal Analyst: Josh Sefton

Senate Bill 182 (as introduced)

Committee: Appropriations

FY 2012-13 Year-to-Date Gross Appropriation	\$12,944,687,000
Changes from FY 2012-13 Year-to-Date:	
1. MPSERS Rate Cap. Governor included a \$273.3 million Gross School Aid Fund (SAF) increase in spending to pay the difference between the total MPSERS contribution rate and the capped contribution rate paid for by local school employers (equal to about 4.6% of payroll, or a cost containment of roughly \$250 per pupil on average).	273,300,000
2. Great Start Readiness Program (GSRP) Grants. Governor increased GSRP grants for at-risk four-year-olds by \$65.0 million Gross (SAF), to provide an additional 16,000 slots and an increase in the per-pupil allotment from \$3,400 to \$3,625.	65,000,000
3. One-Time Non-Base Equity Payment. Governor proposed to provide up to a \$34-per-pupil payment to bring minimum funding up from \$6,966 to \$7,000 in FY 2013-14 only.	24,000,000
4. Michigan Virtual University Digital Learning Initiative. Governor proposed a \$10.0 million GF/GP increase to MVU to expand, enhance, research, catalog and benchmark online and blended learning opportunities (\$5.0 million ongoing, \$5.0 million one-time).	10,000,000
5. Student-Centric Grants. Governor proposed a new one-time \$8.0 million Gross (SAF) program to award competitive grants to districts offering student-centric learning.	8,000,000
6. Reduction in Best Practices Funding. Governor proposed to reduce best practices grants from \$80.0 million to \$25.0 million Gross (SAF).	(55,000,000)
7. Reduction in Technology Infrastructure Funding. Governor proposed to reduce infrastructure technology grants from \$50.0 million to \$13.5 million Gross (SAF).	(36,500,000)
8. Elimination of One-Time Items. Governor proposed not to continue \$10.0 million for consolidation incentive grants and not to appropriate another \$41.0 million to the MPSERS reforms reserve fund, both funded from the SAF.	(51,000,000)
9. Federal Grants. Governor increased anticipated Federal funding by \$63.4 million.	63,379,900
10. Technical Cost Adjustments. Governor adjusted various appropriations based on newer cost data, including increases for School Bond Loan Fund debt service (\$11.3 million), cash flow borrowing (\$2.8 million), payments in lieu of taxes (\$0.7 million), Durant bonds debt service (\$0.5 million), and decreases in Promise Zone reimbursement (\$0.1 million), school breakfast payments (\$4.0 million), and foundation costs (\$14.0 million).	(2,872,300)
11. Class Size Reduction Grants. Governor proposed a change in formula which would result in \$4.0 million in State savings Gross (SAF).	(4,000,000)
12. Transfer of Library Payments to MDE Budget. Governor proposed to transfer State aid to library payments (\$1.3 million GF/GP) and library renaissance zone reimbursements (\$1.5 million GF/GP) to the Department of Education budget.	(2,804,300)
13. Economic Adjustments. Includes \$287,500 Gross and \$216,700 GF/GP.	287,500
14. Other Changes. Governor proposed to reduce principal educator evaluation training grants by \$1.3 million due to anticipated cost levels, and proposed \$7,000 additional for ISD operations to pay for consolidation costs between Oceana and Mason Lake ISDs.	(1,243,000)
Total Changes	\$290,547,800
FY 2013-14 Governor's Recommendation	\$13,235,234,800

Changes from FY 2012-13 Year-to-Date:

1. **Online Learning.** Governor proposed changes to pupil definitions and proposed a new section (21f) regarding online learning. Students enrolling in a district offering online learning under Sec. 21f need not obtain permission from the resident district first. Students in grades 5 to 12 could enroll in up to two online courses; if the student had demonstrated proficiency in online learning and it was determined that taking additional courses would be in the best interest of the pupil, the cap would be removed. (Secs. 6 and 21f)
2. **Repeal of Intent Sections.** Governor repealed sections stating legislative intent to rename the School Aid Fund, to examine categorical aid, and to appropriate in FY 2013-14 the same funding as in FY 2012-13. (Secs. 11t, 11u, and 12)
3. **Class Size Grants.** Governor proposed a change in the formula for class size grants, resulting in \$4.0 million savings. The grant would provide either \$50 per pupil or \$100 per pupil based on foundation allowance. (Sec. 20)
4. **Best Practices.** Governor amended best practices criteria to allow a VEBA to qualify as policy holder; to require a comparison of competitive bids to exclude the cost of unfunded accrued liabilities; to require a district to publish online course syllabi for each online course offered; and to include in the dashboard projections of revenues and expenditures, debt service, and total outstanding debt. (Secs. 22f and 81)
5. **At-Risk.** Governor proposed an expansion of the allowable uses of at-risk grants to include preschool programs under the Great Start Readiness Program (GSRP), and to allow any district to use at-risk funds for class size reduction without first submitting a waiver application. (Sec. 31a)
6. **GSRP.** Governor proposed an expansion of the program and the following: elimination of the use of funds for parenting programs formerly funded under Sec. 32b; aligning the age eligibility to kindergarten eligibility; restricting grants to providers with at least three stars under the tiered rating system; ensuring at least 90% of children participating are below 300% of the Federal poverty level (FPL); allowing transportation costs to be reimbursed; and establishing and charging a sliding scale of tuition for students in families above 300% FPL. (Sec. 32d)
7. **GSRP Half-Day Allotment.** Governor proposed an increase in the per-slot reimbursement for half-day programs from \$3,400 to \$3,625. (Sec. 39)
8. **Itinerant Reimbursement.** Governor proposed eliminating the reimbursement to ISDs for itinerant staff, adversely affected by changes in special education funding implemented in FY 2003-04. (Sec. 51a(7))
9. **ISD Millage Equalization.** Governor restored formulas in place prior to FY 2012-13 that return to a guaranteed amount per mill levied, rather than freezing the reimbursements at prior-year levels. (Secs. 56 and 62)
10. **Digital Learning Initiative/MVU.** Governor proposed an expansion in the mission of the Michigan Virtual University to include cataloguing online courses offered by local districts, benchmarking those courses against best practices, providing expanded professional development to instructors, and developing a teacher credential that focuses on online and/or blended learning. (Sec. 98)
11. **Repeal of Section 166.** Governor proposed a repeal of this section which provides a 5% financial penalty for provision or referral for family planning medications, or referral for abortion. (Sec. 166)

Date Completed: 2-12-13

Fiscal Analyst: Kathryn Summers

ENACTED FY 2012-13 YEAR-TO-DATE AND GOVERNOR'S RECOMMENDATIONS FOR FY 2012-13, FY 2013-14, AND FY 2014-15 (Dollars in Thousands)							
Line Item Description	Enacted Year-to-Date FY 2012-13	FY 2012-13, FY 2013-14, and FY 2014-15 Governor's Recommendations					
		Change from FY 2012-13 Year-to-Date	FY 2012-13 Revised Appropriations	Change from FY 2012-13 Revised Rec.	FY 2013-14 Gov's Appropriations	Change from FY 2013-14 Appropriations	FY 2014-15 Gov's Appropriations
Sec. 11g Durant Non-plaintiff Debt Service	\$39,000.0	\$0.0	\$39,000.0	\$500.0	\$39,500.0	\$0.0	\$39,500.0
Sec. 11j School Bond Loan Fund Payments-Debt Serv.	\$120,390.0	\$0.0	\$120,390.0	\$11,270.0	\$131,660.0	\$8,240.0	\$139,900.0
Sec. 11m Cash Flow Borrowing Costs	\$3,200.0	\$0.0	\$3,200.0	\$2,800.0	\$6,000.0	\$2,000.0	\$8,000.0
Sec 22a Proposal A Obligation Payment	\$5,712,000.0	(\$81,000.0)	\$5,631,000.0	(\$73,000.0)	\$5,558,000.0	(\$94,000.0)	\$5,464,000.0
Sec. 22b Discretionary Payment – State	\$3,152,300.0	\$64,700.0	\$3,217,000.0	\$87,000.0	\$3,304,000.0	\$79,000.0	\$3,383,000.0
Sec. 22c Equity Payment	\$0.0	\$0.0	\$0.0	\$24,000.0	\$24,000.0	(\$24,000.0)	\$0.0
Sec. 22d Isolated Districts Funding	\$2,025.0	\$0.0	\$2,025.0	\$0.0	\$2,025.0	\$0.0	\$2,025.0
Sec. 22f Best Practices	\$80,000.0	\$0.0	\$80,000.0	(\$55,000.0)	\$25,000.0	(\$25,000.0)	\$0.0
Sec. 22g Consolidation Innovation Grants	\$10,000.0	\$0.0	\$10,000.0	(\$10,000.0)	\$0.0	\$0.0	\$0.0
Sec. 22i Technology Infrastructure	\$50,000.0	\$0.0	\$50,000.0	(\$36,500.0)	\$13,500.0	(\$13,500.0)	\$0.0
Sec. 22j Pupil Performance	\$30,000.0	\$0.0	\$30,000.0	\$0.0	\$30,000.0	\$0.0	\$30,000.0
Sec. 22k Competitive Student-Centric Grants - NEW	\$0.0	\$0.0	\$0.0	\$8,000.0	\$8,000.0	(\$8,000.0)	\$0.0
Sec. 24 Court-Placed Pupils	\$8,000.0	\$0.0	\$8,000.0	\$0.0	\$8,000.0	\$0.0	\$8,000.0
Sec. 24a Juvenile Detention Facilities	\$2,135.8	\$0.0	\$2,135.8	\$31.7	\$2,167.5	\$0.0	\$2,167.5
Sec. 24c Challenge Program	\$1,500.0	\$0.0	\$1,500.0	\$0.0	\$1,500.0	\$0.0	\$1,500.0
Sec. 26a Renaissance Zone Costs	\$27,800.0	\$0.0	\$27,800.0	(\$1,500.0)	\$26,300.0	\$0.0	\$26,300.0
Sec. 26b PILT Reimbursement	\$3,328.0	\$0.0	\$3,328.0	\$681.5	\$4,009.5	\$401.0	\$4,410.5
Sec. 26c Promise Zone	\$347.8	\$0.0	\$347.8	(\$123.8)	\$224.0	\$0.0	\$224.0
Sec. 31a "At Risk" Pupil Support	\$308,988.2	\$0.0	\$308,988.2	\$0.0	\$308,988.2	\$0.0	\$308,988.2
Sec. 31a Vision/Hearing Screening	\$5,150.0	\$0.0	\$5,150.0	\$0.0	\$5,150.0	\$0.0	\$5,150.0
Sec. 31a Child and Adolescent Health Centers	\$3,557.3	\$0.0	\$3,557.3	\$0.0	\$3,557.3	\$0.0	\$3,557.3
Sec. 31d School Lunch Programs - State Share	\$22,495.1	\$0.0	\$22,495.1	\$0.0	\$22,495.1	\$0.0	\$22,495.1
Sec. 31d School Lunch Programs - Federal Share	\$402,506.0	\$0.0	\$402,506.0	\$60,694.0	\$463,200.0	\$0.0	\$463,200.0
Sec. 31f School Breakfast	\$9,625.0	\$0.0	\$9,625.0	(\$4,000.0)	\$5,625.0	\$0.0	\$5,625.0
Sec. 32d Great Start-School Readiness	\$100,700.0	\$0.0	\$100,700.0	\$65,000.0	\$165,700.0	\$65,000.0	\$230,700.0
Sec. 32l Great Start-School Readiness to Non-Districts	\$8,875.0	\$0.0	\$8,875.0	\$0.0	\$8,875.0	\$0.0	\$8,875.0
Sec. 32p Great Start Early Childhood Block Grants	\$10,900.0	\$0.0	\$10,900.0	\$0.0	\$10,900.0	\$0.0	\$10,900.0
Sec. 39a(1) NCLB Federal DOE Grants	\$812,328.5	\$0.0	\$812,328.5	(\$500.0)	\$811,828.5	\$0.0	\$811,828.5
Sec 39a(2) Other Non-NCLB Federal DOE Grants	\$33,514.1	\$0.0	\$33,514.1	(\$1,814.1)	\$31,700.0	\$0.0	\$31,700.0
Sec. 51c Special Education Headlee - State Share	\$678,000.0	(\$35,000.0)	\$643,000.0	\$19,500.0	\$662,500.0	\$19,500.0	\$682,000.0
Sec. 51a(2) Spec. Ed. Foundations - State Share	\$257,400.0	(\$6,700.0)	\$250,700.0	\$7,600.0	\$258,300.0	\$4,700.0	\$263,000.0
Sec. 51a(3) Spec. Ed. Hold Harmless to ISDs-State Share	\$1,000.0	\$0.0	\$1,000.0	\$0.0	\$1,000.0	\$0.0	\$1,000.0
Sec. 51a(11) Spec. Ed. Non Sec. 52 to ISDs-State Share	\$5,600.0	\$0.0	\$5,600.0	(\$1,100.0)	\$4,500.0	\$100.0	\$4,600.0
Sec. 51a(6) Spec. Ed. Rules Change - State Share	\$2,200.0	\$0.0	\$2,200.0	\$0.0	\$2,200.0	\$0.0	\$2,200.0
Sec. 53a Court-Placed Spec. Ed. FTEs - State Share	\$13,500.0	\$0.0	\$13,500.0	\$0.0	\$13,500.0	\$0.0	\$13,500.0
Sec. 54 MI School for Deaf and Blind - State Share	\$1,688.0	\$0.0	\$1,688.0	\$0.0	\$1,688.0	\$0.0	\$1,688.0

ENACTED FY 2012-13 YEAR-TO-DATE AND GOVERNOR'S RECOMMENDATIONS FOR FY 2012-13, FY 2013-14, AND FY 2014-15 (Dollars in Thousands)							
Line Item Description	Enacted Year-to-Date FY 2012-13	FY 2012-13, FY 2013-14, and FY 2014-15 Governor's Recommendations					
		Change from FY 2012-13 Year-to-Date	FY 2012-13 Revised Appropriations	Change from FY 2012-13 Revised Rec.	FY 2013-14 Gov's Appropriations	Change from FY 2013-14 Appropriations	FY 2014-15 Gov's Appropriations
Sec. 56 Spec. Ed. Millage Equalization - State Share	\$36,881.1	\$0.0	\$36,881.1	\$0.0	\$36,881.1	\$0.0	\$36,881.1
Sec. 51a Special Education - Federal IDEA	\$365,000.0	\$0.0	\$365,000.0	\$5,000.0	\$370,000.0	\$0.0	\$370,000.0
Sec. 51d Special Education - Other Federal	\$74,000.0	\$0.0	\$74,000.0	\$0.0	\$74,000.0	\$0.0	\$74,000.0
Sec. 61a Vocational Education	\$26,611.3	\$0.0	\$26,611.3	\$0.0	\$26,611.3	\$0.0	\$26,611.3
Sec. 62 ISD Vocational Ed Millage Equalization	\$9,000.0	\$0.0	\$9,000.0	\$0.0	\$9,000.0	\$0.0	\$9,000.0
Sec. 74 Bus Driver Safety Instruction	\$1,625.0	\$0.0	\$1,625.0	\$0.0	\$1,625.0	\$0.0	\$1,625.0
Sec. 74 School Bus Inspections	\$1,634.9	\$0.0	\$1,634.9	\$39.1	\$1,674.0	\$0.0	\$1,674.0
Sec. 81 ISD General Operations Support	\$62,108.0	\$7.0	\$62,115.0	\$0.0	\$62,115.0	\$0.0	\$62,115.0
Sec. 81(7) ISD Best Practices	\$2,000.0	\$0.0	\$2,000.0	\$0.0	\$2,000.0	\$0.0	\$2,000.0
Sec. 93 State Aid to Libraries	\$1,304.3	\$0.0	\$1,304.3	(\$1,304.3)	\$0.0	\$0.0	\$0.0
Sec. 94a Center for Educ. Perf. & and Info. - State Share	\$9,218.4	\$0.0	\$9,218.4	\$216.7	\$9,435.1	\$0.0	\$9,435.1
Sec. 94a Center for Educ. Perf. & Information - Federal	\$193.5	\$0.0	\$193.5	\$0.0	\$193.5	\$0.0	\$193.5
Sec. 95 Principal Educator Evaluation Training	\$1,750.0	\$0.0	\$1,750.0	(\$1,250.0)	\$500.0	\$0.0	\$500.0
Sec. 98 Michigan Virtual High School - State	\$4,387.5	\$0.0	\$4,387.5	\$10,000.0	\$14,387.5	(\$5,000.0)	\$9,387.5
Sec. 99 Math/Science Centers - State	\$2,725.0	\$0.0	\$2,725.0	\$0.0	\$2,725.0	\$0.0	\$2,725.0
Sec. 99 Math/Science Centers - Federal	\$5,249.3	\$0.0	\$5,249.3	\$0.0	\$5,249.3	\$0.0	\$5,249.3
Sec. 104 MEAP Testing - State Share	\$26,694.4	\$0.0	\$26,694.4	\$0.0	\$26,694.4	\$0.0	\$26,694.4
Sec. 104 MEAP Testing - Federal Share	\$8,250.0	\$0.0	\$8,250.0	\$0.0	\$8,250.0	\$0.0	\$8,250.0
Sec. 107 Adult Education - State	\$22,000.0	\$0.0	\$22,000.0	\$0.0	\$22,000.0	\$0.0	\$22,000.0
Sec. 147a MPSERS District Reimbursement	\$155,000.0	\$0.0	\$155,000.0	\$0.0	\$155,000.0	\$0.0	\$155,000.0
Sec. 147b MPSERS Reserve for Retire Obligation Reform	\$41,000.0	\$0.0	\$41,000.0	(\$41,000.0)	\$0.0	\$0.0	\$0.0
Sec. 147c MPSERS Rate Cap (Sec. 41 of MPSERS Act)	\$130,000.0	\$30,500.0	\$160,500.0	\$242,800.0	\$403,300.0	\$245,900.0	\$649,200.0
Sec. 152. Adair v State of Michigan	\$38,000.5	\$0.0	\$38,000.5	\$0.0	\$38,000.5	\$0.0	\$38,000.5
TOTAL SCHOOL AID APPROPRIATIONS	\$12,944,687.0	(\$27,493.0)	\$12,917,194.0	\$318,040.8	\$13,235,234.8	\$255,341.0	\$13,490,575.8
TOTAL REVENUE							
Federal Aid	\$1,701,041.4	\$0.0	\$1,701,041.4	\$63,379.9	\$1,764,421.3	\$0.0	\$1,764,421.3
School Aid Fund (SAF)	\$10,961,245.6	(\$27,493.0)	\$10,933,752.6	\$157,060.9	\$11,090,813.5	\$302,341.0	\$11,393,154.5
General Fund/General Purpose	\$282,400.0	\$0.0	\$282,400.0	(\$52,400.0)	\$230,000.0	\$3,000.0	\$233,000.0
MPSERS Reforms Fund	\$0.0	\$0.0	\$0.0	\$150,000.0	\$150,000.0	(\$126,000.0)	\$24,000.0
Withdrawal from MPSERS Escrow	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$76,000.0	\$76,000.0
TOTAL REVENUE	\$12,944,687.0	(\$27,493.0)	\$12,917,194.0	\$318,040.8	\$13,235,234.8	\$255,341.0	\$13,490,575.8

Senate Bill 194 (as introduced)
Committee: Appropriations

FY 2012-13 Year-to-Date Gross Appropriation	\$220,669,300
Changes from FY 2012-13 Year-to-Date:	
1. Removal of FY 2012-13 One-time Funding. Governor eliminated the FY 2012-13 one-time appropriations of \$1.5 million for employee lump-sum payments, \$150,000 for Executive Direction and \$600,000 for Central Operations.	(2,294,400)
2. Anatomical Gift Registry. Governor included funding to promote organ donation.	50,000
3. Microsoft Enterprise Agreement. The Governor included funding to upgrade the Department's current Windows XP operating system with the Windows 7 operating system as the XP system will no longer be supported by Microsoft after April 8, 2014.	53,400
4. Center for Shared Solutions. The Governor included funding to cover increased staffing costs associated with this program which provides base geospatial mapping services to State departments and agencies as well as local entities.	39,000
5. Wireless Infrastructure and Bandwidth Expansion. The Governor included funding to upgrade the State's wireless infrastructure and to expand bandwidth to accommodate the ever-increasing use of wireless devices around the Capitol and State departments and agencies.	67,600
6. Transportation Administration Collection Fund (TACF). The Governor adjusted the source of funding from this fund to reflect actual revenue.	(8,000,000)
7. Fund Shift. The Governor replaced Michigan Transportation Fund (MTF) funding with GF/GP due to the capped amount of MTF funds that can be transferred to the Department. The shift increases GF/GP expenditures by \$606,300 while having a zero effect on the gross appropriation.	0
8. Contractual Services. The Governor increased funding for costs associated with the Department's servicing of over 20 million customer documents.	500,000
9. Olympic Fundraising Plate. The Governor eliminated this line item as the Department no longer collects the fee for this license plate.	(75,700)
10. Assigned Claims Assessments. The Governor eliminated this funding as the services provided regarding assigned claims (uninsured drivers) was transferred to a private entity on January 1, 2013, per P.A. 204 of 2012.	(1,098,600)
11. Driver Look-Up Fees. The Governor included the additional revenue resulting from the \$1 increase in the fee from \$7 to \$8 for each driver record that is requested.	4,700,000
12. Economic Adjustments. Includes \$661,700 for other post-employment benefits (OPEB) and \$4.3 million for Department economic adjustments.	4,938,300
Total Changes	(\$1,120,400)
FY 2013-14 Governor's Recommendation	\$219,548,900

The changes show the differences between the schedule of programs proposed by the Governor and the prior-year line items.

Changes from FY 2012-13 Year to Date:

1. **Re-numbering of Sections.** Sections of boilerplate that have been retained in the Governor's budget are re-numbered accordingly for Article 15.
2. **Total State Spending.** Governor provided a new section stating the amount of total State spending from State resources and the amount of payments to local units of government. (Sec. 15-201)
3. **ATM.** Governor included definition for ATM. (Sec. 15-203)
4. **Out-of-State Travel Report.** Governor included new language requiring the Department to report to the Legislature detailing the Department's out-of-state travel expenses. (Sec. 15-216)
5. **Publicly Accessible Website.** Governor included new language requiring the Department to maintain a publicly accessible website detailing the Department's expenditures, vendor contract information, number of employees, and wage rate information. (Sec. 15-227)
6. **General Fund/General Purpose (GF/GP) Lapse Report.** Governor included new language requiring the State Budget Office to prepare a report that provides estimates of the total GF/GP lapses at the close of the prior fiscal year. (Sec. 15-228)
7. **Public Scorecard and Metrics.** Governor included new language requiring the Department to maintain a publicly accessible website that provides a scorecard that identifies, tracks, and regularly updates key metrics. (Sec. 15-233)
8. **Legal Services.** Governor included language prohibiting the Department from using funds to hire legal services that are the responsibility of the Attorney General. (Sec. 15-234)
9. **Assigned Claims.** Governor removed language allowing the Department to receive and expend funds regarding the settlement of assigned claims (uninsured motorists) as this service will now be done through a private entity per P.A. 204 of 2012. (Current Law Sec. 702)
10. **Driver Look-Up Fees.** Governor included language increasing the fee from \$7 to \$8 for each driver record that is requested. (Sec. 15-703)
11. **Branch Office Closings.** At least 180 days prior to the announcement of Secretary of State branch office closings or consolidations, or 60 days prior to relocating a branch office, the Department of State shall inform members of the Senate and House of Representatives Standing Committees on Appropriations and Legislators who represent affected areas regarding the details of the proposal. The Governor eliminated this section. (Current Law Sec. 714)
12. **Business Application Modernization (BAM) Project.** The Governor removed language requiring the Department to report the total amount of funds spent on the BAM project from its inception. (Current Law Sec. 716b)
13. **Buena Vista Branch Office.** Requires the Department to maintain a full service branch office in Buena Vista Township. The Governor removed this section. (Current Law Sec. 718)
14. **General Fund Expenditures.** Requires the Department to use Restricted Funds before using General Fund dollars. The Governor removed this section. (Current Law Sec. 719)

Date Completed: 2-15-13

Fiscal Analyst: Joe Carrasco, Jr.

Senate Bill 185 (as introduced)
Committee: Appropriations

FY 2012-13 Year-to-Date Gross Appropriation	\$577,982,700
Changes from FY 2012-13 Year-to-Date:	
1. Phase 2 of Public Safety Initiative - Trooper School Ongoing Costs. Governor recommended \$11.0 million GF/GP to pay full-year salary costs of 107 new troopers from a school to begin October 1, 2013. Target is to increase At-Post Trooper strength from a projected October 1, 2013 of 1,035 to 1,099 on October 1, 2014.	11,000,000
2. Phase 2 of Public Safety Initiative - Trooper School One-Time Costs. Governor recommended \$4.2 million GF/GP to pay for costs associated with a trooper school, including recruiting and selection (\$232,100), training costs (\$968,700), outfitting (\$699,400), equipment (\$1,732,600), field training and relocation, and one-time payroll costs (\$567,200).	4,211,900
3. Mobile Computers Data Costs and Support. Governor recommended \$1,004,000 Gross (\$898,800 GF/GP) GF/GP to provide for data cost and \$1.0 million GF/GP for mobile installation and maintenance support.	2,004,000
4. Disaster and Emergency Response Contingency. Governor's budget included \$4.0 million GF/GP in one-time funding for placement in the state emergency fund (currently at \$0.5 million) and recommended statutory change to allow for more timelier and easier access to funds.	4,000,000
5. Fleet Leasing. Governor recommended adding \$1.1 million GF/GP to cover increased leasing costs for department vehicles.	1,122,400
6. Specialty Vehicle Replacement. Governor included \$350,000 GF/GP for a one-time expenditure to replace two response team tactical vehicles with high mileage and mechanical problems.	350,000
7. Information Technology. Governor recommended adding \$151,200 Gross (\$114,200 GF/GP) to cover IT rate increases and \$80,000 Gross (\$70,000 GF/GP) for batteries.	363,300
8. Fund Shift. Governor recommended adding \$2,094,800 GF/GP to supplant expired Federal grant to continue support of 21 community police troopers.	0
9. One-Time Appropriations for FY 2012-13. The Governor removed one-time FY 2012-13 appropriations for FY 2013-14, including \$3,220,000 Gross (\$2,085,200 GF/GP) for Lump Sum Payments, \$800,000 GF/GP for MI International Speedway, \$1.6 million for trooper equipment and \$350,000 GF/GP for Rent.	(5,993,700)
10. Reductions to Reflect Actual Revenues Received. The Governor recommended reductions across several budget lines to reflect actual anticipated restricted revenue, \$10,328,800 Gross.	(10,328,800)
11. Economic Adjustments. Includes \$4,135,400 Gross and \$2,978,500 GF/GP for OPEB and \$14,954,500 Gross and \$10,377,000 GF/GP for other economic adjustments.	19,089,900
Total Changes	\$25,819,000
FY 2013-14 Governor's Recommendation	\$603,801,700

The changes show the differences between the schedule of programs proposed by the Governor and the prior-year line items.

Changes from FY 2012-13 Year-to-Date:

1. **Civil Service Fees.** Governor removed language requiring the Civil Service to bill MSP for services. (Sec. 202)
2. **Incoming IDGs.** Governor struck language listing all incoming IDGs to the MSP budget. (Sec. 204)
3. **Outgoing IDGs.** Governor struck language listing all outgoing IDGs from the MSP budget. (Sec. 205)
4. **Byrne Justice Assistance Grant IDG.** Governor added a NEW section to identify \$1.5 million in Federal grants to be passed through to the judiciary. (Sec. 205)
5. **Reporting Requirements.** Governor struck section requiring use of Internet/Email to fulfill reporting requirements. (Sec. 208)
6. **Buy American.** Governor struck "buy American" goods and services requirement. (Sec. 209)
7. **Deprived and Depressed.** Gov. removed language requiring business be offered to deprived and depressed communities. (Sec. 210)
8. **Retain Reports.** Governor eliminated requirement for all reports to be kept and retained by MSP. (Sec. 212)
9. **Disciplinary Action.** Gov. eliminated language prohibiting action against employee who communicates with Legislature. (Sec. 215)
10. **Efficiencies.** Governor removed language outlining priorities for finding MSP budgetary efficiencies. (Sec. 217)
11. **Quarterly Reports.** Governor removed requirement for detailed MSP quarterly report. (Sec. 219)
12. **Annual Report.** Governor removed a requirement for an annual report on vehicles and buses inspected, the Secondary Road Patrol Program and casino gaming oversight activities. (Sec. 220)
13. **Post Closure/Consolidation.** Governor struck requirement for MSP to give a 90-day notice prior to recommending a post closure or consolidation. (Sec. 222)
14. **Privatization.** Gov. struck requirement for MSP to give 60-day notice prior to effort to privatize, with an evaluation report. (Sec. 223)
15. **Contractual Services Guidelines.** Governor struck subsection stating legislative intent that MSP not provide a subsidy for contractual services provided. (Sec. 226)
16. **Radio Interoperability.** Gov. struck language requiring the monitoring and reporting of radio interoperability in the state. (Sec. 227)
17. **MSP Scorecard.** Gov. added NEW language requiring a website display and track key performance metrics. (Sec. 230)
18. **Underserved Communities.** Gov. removed language requiring MSP to aid communities underserved by law enforcement. (Sec. 231)
19. **MPSCS Tower Usage.** Gov. struck language requiring MSP to act as liaison to allow for local use of state radio towers. (Sec. 232)
20. **Unclassified Positions Listing.** Governor removed language listing unclassified positions and requiring notice when a new position is created. (Sec. 250)
21. **MSP Training Objectives/Metrics.** Governor removed language requiring a cost efficiency reduction of 20%, a priority for MCOLES certified officers for trooper recruitment and a recruit school report. (Sec. 301)
22. **Law Enforcement Information Network (LEIN) Objectives/Metrics.** Governor removed a subsection which declared no LEIN user fees are contained in Part 1 and provides criteria for establishing fees. (Sec. 305)
23. **Trooper School.** Governor removed language requiring the hiring and training of 180 troopers. (Sec. 504)
24. **Distressed Cities Report.** Governor removed requirement for data report on distressed cities initiative. (Sec. 506)
25. **Regional Policing Initiative.** Governor removed a requirement for a report on regional policing initiative. (Sec. 507)
26. **Criminal Investigations Objectives/Metrics.** Governor removed subsection requiring tax enforcement report. (Sec. 602)
27. **Emergency Management Training.** Governor removed a subsection requiring Homeland Security grants to go to first responders and also to not supplant current Detroit City general funds. (Sec. 703)
28. **Emergency Management Operations Center.** Governor removed a subsection which required the beginning of construction/renovation to replace current site of center at rented Collins Road facility. (Sec. 704)
29. **Emergency Contingency Fund.** Gov. added NEW language appropriating up to \$800,000 from the Disaster and Emergency Contingency Fund to cover costs of any disaster and provides guidelines for disbursement and management of the fund. (Sec. 705)
30. **Public Safety Campaigns.** Governor struck language requiring various public safety awareness campaigns and to provide training for child passenger safety technicians. (Sec. 705)
31. **FY 2013-14 Appropriations.** Governor removed provisions for FY 2013-14 appropriations. (Sec. 1201)

Date Completed: 2-14-13

Fiscal Analyst: Bruce Baker

Senate Bill 194 (as introduced)

Committee: Appropriations

FY 2012-13 Year-to-Date Gross Appropriation.....	\$1,142,973,600
Changes from FY 2012-13 Year-to-Date:	
1. Removal of One-Time Funding. Governor excluded FY 2012-13 one-time funding of \$4.7 million for employee lump-sum payments; \$10.0 million for special maintenance; \$7.0 million for space consolidation and \$4.0 million for Teacher Evaluation Pilot Project.	(25,680,200)
2. State Police Mobile Computing. Governor included funding to upgrade mobile computing in State Trooper vehicles.	1,000,000
3. Microsoft Enterprise Agreement. The Governor included funding to upgrade the Department's current Windows XP operating system with the Windows 7 operating system as the XP system will no longer be supported by Microsoft after April 8, 2014.	1,423,600
4. Center for Shared Solutions. The Governor included funding to cover increased staffing costs associated with this program which provides base geospatial mapping services to State departments and agencies as well as local entities.	936,500
5. Wireless Infrastructure and Bandwidth Expansion. The Governor included funding to upgrade the State's wireless infrastructure and to expand bandwidth to accommodate the ever-increasing use of wireless devices around the Capitol and State departments and agencies.	3,163,900
6. Information Technology (IT) - Alignment of IDG Funding. The IT portion of the budget aligned its IDG funding with enacted FY 2013 appropriations for all departments	4,385,700
7. IT Adjustments. Governor increased funding in IT appropriations in various departmental IT line items.	3,051,300
8. Motor Vehicle Fleet. The Governor increased funding to account for higher fuel, maintenance, and vehicle leasing costs.	1,500,000
9. Professional Development Funds. Governor included funding to provide professional development and trainings for NEREs per contract requirements.	200,000
10. Civil Service Fund Shift. The Governor transferred 4.0 FTE positions and associated funding to the Department of Human Services to provide trainings specific to DHS.	(465,600)
11. One-Time Appropriations. Governor included the following one-time funding: \$1.5 million Delta County bridge removal; \$10.0 million for special maintenance for State-owned facilities; \$21.3 million for Technology Investments; \$5.0 million for the new Regional Prosperity Grant program; and \$100 for construction authorization of \$20.2 million (\$3.0 million Federal share, \$17.1 million SBA, \$80,100 GF/GP) for the State Emergency Operations Center Project.	37,800,100
12. Military Retirement Program. The Governor increased funding for the Military Retirement Program to cover unfunded costs associated with prefunding of pensions.	826,100
13. State Building Authority (SBA) Rent Adjustments. The Governor increased funding for SBA line item for State Agencies to reflect increased debt service costs.	1,700,000
14. Economic Adjustments. Includes \$2.2 million other post-employment benefits (OPEB) and \$10.8 million for Department economic adjustments.	12,980,200
15. Other Changes. Miscellaneous adjustments were made to various line items, including: a net zero Gross change for SWCAP, however change results in a negative adjustment to GF/GP funding of \$481,000; a negative \$120,000 adjustment for accounting services for the MSP; and an increase of \$300,000 for Administrative Services to hire 1.0 FTE.	180,000
Total Changes	\$43,001,600
FY 2013-14 Governor's Recommendation	\$1,185,975,200

The changes show the differences between the schedule of programs proposed by the Governor and the prior-year line items.

Changes from FY 2012-13 Year to Date:

1. **Re-numbering of Sections.** Sections of boilerplate that have been retained in the Governor's budget are re-numbered accordingly for Article 17.
2. **General Sections.** The Governor included several General Sections (200s) that are included in the General Section of the General Government portion of the current law Omnibus appropriation bill, P.A. 200 of 2012. (Current Law Secs. 201-234)
3. **Statewide State-Owned Inventory System.** The Governor deleted current language requiring the Department to develop a plan regarding a Statewide State-owned inventory management system and submit this plan to the Legislature by February 1. (Current Law Sec. 803(5))
4. **Computer Contract Adjustments.** Required notification to the House and Senate Appropriation Committee Chairs and General Government Subcommittee Chairs on computer contract revisions that increase or decrease current contracts by more than \$500,000. The Governor removed this section. (Current Law Sec. 809)
5. **Motor Vehicle Fleet.**
 - a) Provides that funds appropriated in Part 1 for the Motor Vehicle Fleet are for the administration and for acquisition, lease, operation, maintenance, repair, replacement, and disposal of State motor vehicles.
 - b) Appropriations in Part 1 shall be funded from rates charged to State departments and agencies for utilizing vehicle travel services. Provides that revenue may be carried forward to the next fiscal year.
 - c) Requires Department of Technology, Management, and Budget to develop a plan that includes the number of vehicles assigned to departments and agencies, efforts to reduce vehicle expenditures, the number of cars in the motor vehicle fleet, the number of miles driven by fleet vehicles, and the number of gallons of fuel consumed by fleet vehicles.
 - d) Allows the Department to charge State agencies for fuel cost increases that exceed the average retail price of \$3.04 per gallon and requires the Department to give a 30-day notice before a fuel surcharge is implemented.
 - e) Requires Department to use remanufactured parts, whenever economically feasible, when repairing fleet vehicles.

The Governor removed Subsections 3 and 5 (items c and e above). (Current Law Sec. 813)

6. **Vendor Call or Contact Centers.** The Governor removed current-year language requiring disclosure of location of call/contact centers. (Current Law Sec. 817)
7. **Space Consolidation Plan.** The Governor removed current-year language requiring the Department to develop a plan regarding the use of funds for consolidation of space in State-owned or leased facilities across the State. (Current Law Sec. 821)
8. **Unclassified Salaries.** Language required the Department to compile a report by January 1 pertaining to the salaries of unclassified employees and gubernatorial appointees. The Governor removed this section. (Current Law Sec. 822)
9. **Deletions.** In keeping with the condensed structure of the Governor's budget, the following current-year language sections and/or subsections were not included: 823(4), 824 (required report only), 827(4), 828, 829, 830, 832, 862, 863, 870, 871, and 872. The majority of these sections required the Department to provide either reports or notifications to the Legislature.
10. **State Building Authority Authorizations.** The Governor added new language requiring the Legislature to determine that funding provided in Part 1 is for the leasing of facilities to be used for a public purpose. (Sec. 17-866)
11. **One-time Appropriations.** The Governor provided boilerplate language describing the qualification process for the new proposed Regional Prosperity Grant Program. (Sec. 17-901)

Date Completed: 2-15-13

Fiscal Analyst: Joe Carrasco, Jr.

Senate Bill 184 (as introduced)

Committee: Appropriations

FY 2012-13 Year-to-Date Gross Appropriation.....	\$3,466,437,500
Changes from FY 2012-13 Year-to-Date:	
1. Removal of One-Time Funding. Governor excluded FY 2012-13 one-time funding.	(26,260,800)
2. Governor's Infrastructure Investment Package. Governor included increases in funding to realize additional revenue to be raised from the Governor's proposed infrastructure investment package. Funding increases include the following: Road and Bridge funding - \$1.14 billion; Highway Maintenance - \$10.0 million; Bus Transit - \$19.9 million; Intercity Passenger Freight - \$18.8 million; and Public Transit Development - \$63.9 million.	1,254,256,400
3. Amtrak Wolverine Rail Line. Gov. included increased funding to cover the costs of the State's takeover of the operation and maintenance of the Wolverine Rail line between Port Huron and Chicago.	19,333,000
4. Blue Water Bridge Customs Plaza. Governor included additional funding for the expansion of the customs plaza on the Blue Water Bridge.	25,800,000
5. Microsoft Enterprise Agreement. The Governor included funding to upgrade the Department's current Windows XP operating system with the Windows 7 operating system as the XP system will no longer be supported by Microsoft after April 8, 2014.	68,000
6. Center for Shared Solutions. Governor included funding to cover increased staffing costs associated with this program which provides base geospatial mapping services to State departments and agencies as well as local entities.	141,100
7. Wireless Infrastructure and Bandwidth Expansion. Governor included funding to upgrade the State's wireless infrastructure and to expand bandwidth to accommodate the ever-increasing use of wireless devices around the Capitol and State departments and agencies.	214,700
8. Removal of One-Time General Sales Tax Revenue. Governor removed funding that was provided through a one-time redirection of general sales tax revenue - \$100 million of STF funding for Roads and Bridges and \$10.0 million for SAF for Airport Improvements.	(110,000,000)
9. Elimination of Transportation Economic Development Fund (TEDF). Governor eliminated this fund that will be replaced by a new fund under the Governor's proposed Infrastructure Investment Package.	(32,058,200)
10. FY 2012-13 Supplemental Funding. Governor did not include FY 2013 supplemental funding for start-up costs associated with the new Regional Transportation Authority.	(250,000)
11. MAP-21 Federal Reauthorization. Governor adjusted Federal funding for three line items due to changes in federal reauthorization under a new Federal program known as MAP-21 (Moving Ahead for Progress in the 21 st Century) which is intended to transform the framework for investments to guide the growth and development of the country's vital transportation infrastructure.	(31,177,900)
12. Debt Service. Governor included increased funding for scheduled debt service payments.	2,046,600
13. Interdepartmental Grants (IDGs). Gov. adjusted funding for grants to several other departments.	207,800
14. Economic Adjustments. Includes \$1.4 million for other post-employment benefits (OPEB) and a \$9.8 million for Department economic adjustments (of which \$7,000 is for unclassified personnel).	11,230,400
15. Other Changes. Governor recommended miscellaneous adjustments to reflect changes in State restricted and Federal revenue estimates: reductions of \$4.4 million for Airport Improvements and \$779,200 for Aeronautics Program revenue.	(5,201,000)
Total Changes	\$1,108,350,100
FY 2013-14 Governor's Recommendation	\$4,574,787,600

The changes show the differences between the schedule of programs proposed by the Governor and the prior-year line items.

Changes from FY 2012-13 Year to Date:

1. **Re-numbering of Sections.** Sections of boilerplate that have been retained in the Governor's budget are re-numbered accordingly for Article 18.
2. **Deletions.** In keeping with the condensed structure of the Governor's budget, the following current-year language sections and/or subsections were not included: 202, 208, 209, 211, 212, 214, 215, 219, 230, 260 (replaced with new section 18-208), 263, 270, 303, 305, 307, 308, 310, 313, 319, 353, 357, 375, 383, 384, 385, 395, 401, 503, 601, 603, 610, 612, 660, 661, 703, 708, 711, 731, 740, 741, 902, 904, 905, 1001 and 1201. The majority of these sections required the Department to provide either reports or notifications to the Legislature. For example, Section 307 required an annual report of the Department's rolling 5-year plan listing all county road commission highway projects. Section 610 stated Legislative intent that the Department place a priority on the removal of dead deer and other large animal remains from State highways. Sections of boilerplate that have been retained in the Governor's budget are re-numbered accordingly.
3. **Definitions.** The Governor deleted a number of definitions that are no longer used in the bill. (Sec. 203).
4. **Out-of-State Travel Report.** Governor included new language requiring the Department to report to the Legislature detailing the Department's out-of-state travel expenses. (Sec. 18-208)
5. **Capital Projects - Local Share.** Current language requires political entities and subdivisions to provide not less than 2.5% of the cost of any project unless a total nonfederal share greater than 5% is otherwise specified in Federal law. The Governor changed these percentages to 5% and 10%, respectively. (Current Law Sec. 901(2))

Date Completed: 2-15-13

Fiscal Analyst: Joe Carrasco, Jr.

Senate Bill 194 (as introduced)
Committee: Appropriations

FY 2012-13 Year-to-Date Gross Appropriation	\$140,554,900
Changes from FY 2012-13 Year-to-Date:	
1. Great Lakes Water Quality Bond. The Governor recommended increasing appropriations for debt service payments by \$9,411,500 GF/GP to \$15,916,000 in FY 2013-14. This would cover debt service on existing bonds and the additional costs of a proposed \$100.0 million bond issue. The Governor proposed using the bond proceeds for grants and loans to local governments for sanitary sewer and storm sewer improvements, stormwater management plans or programs, and establishing wetland mitigation banks. The voters approved the issuance of Great Lakes Water Quality Bonds in 2002.	9,411,500
2. Clean Michigan Initiative. The Governor recommended an increase in debt service of \$2,886,500 to \$57,187,400 GF/GP in FY 2013-14 to cover the cost of scheduled payments.	2,886,500
3. Quality of Life Bond. The Governor recommended increasing the debt service line for this program to \$79,965,800 in FY 2013-14. This consists of an increase in scheduled payments of \$2,271,000 GF/GP and an addition \$2.5 million GF/GP in a fund shift that replaces \$2.5 million from the Refined Petroleum Fund.	2,271,000
4. Water Pollution Control Bond and Interest Redemption. The Governor recommended a decrease of \$921,400 GF/GP in the appropriation for debt service on these bonds. The appropriation would be \$1,132,700 in FY 2013-14. This is expected to be the last year of debt service payments on these bonds.	(921,400)
Total Changes	\$13,647,600
FY 2013-14 Governor's Recommendation	\$154,202,500

The changes show the differences between the schedule of programs proposed by the Governor and the prior-year line items.

Changes from FY 2012-13 Year-to-Date:

1. **Boilerplate Changes.** There are no boilerplate changes related to Treasury - Debt Service.
2. **Facility for Rare Isotope Beams (FRIB) Debt Service.** Please see the highlights sheet for Treasury - Michigan Strategic Fund for boilerplate changes related to the proposed payment of debt service for the FRIB at Michigan State University.

Date Completed: 2-19-13

Fiscal Analyst: Elizabeth Pratt

Senate Bill 194 (as introduced)
Committee: Appropriations

FY 2012-13 Year-to-Date Gross Appropriation	\$512,424,800
Changes from FY 2012-13 Year-to-Date:	
1. Distressed Communities. The Governor recommended \$5.0 million in one-time GF/GP funding for financial consulting services and emergency manager salaries for financially distressed communities. This offsets the removal of \$5,780,000 in supplemental funding for FY 2012-13 provided in the Local Financial Stability and Choice Act, 2012 PA 436.	(780,000)
2. Information Technology (IT) System. The Governor recommended \$1,763,300 in one-time GF/GP to develop system requirements for replacing the business tax registration and sales, use, and withholding IT systems. Total cost is estimated at \$23.1 million over three years in the DTMB and Treasury budgets.	1,763,300
3. Digital Tobacco Stamps. The Governor recommended \$3.0 million from tobacco tax revenue for the cost of implementing digital tax stamps for cigarettes.	3,000,000
4. Casino Gaming Control Board IT System. The Governor recommended a one-time appropriation of \$3.0 million to replace IT. Funding would consist of \$2.3 million from the Casino Gaming Fund and \$700,000 from the State Services Fee Fund.	3,000,000
5. Internet Lottery Sales. The Governor increased funding by \$3,350,000 and 10.0 FTEs for the implementation of lottery sales on the Internet.	3,350,000
6. Payments in Lieu of Taxes (PILT). The Governor increased PILT funding by \$1,734,500 to provide full funding for PILT in compliance with 2012 PA 603 and 2012 PA 604.	1,734,500
7. Tax Plan Implementation. The Governor recommended \$942,600 for ongoing costs of administering State taxes.	942,600
8. Unclassified Salaries. The Governor included the salary of the Director of the Michigan State Housing Development Authority (MSHDA) in the unclassified line. Previously the MSHDA director was a classified employee.	57,700
9. Program Transfers. The Governor transferred \$3.5 million GF/GP for Renaissance Zone Reimbursement for community colleges from Treasury to the community college budget. The community share payment for the Facility Rare Isotope Beams at MSU of \$2,339,900 GF/GP was transferred from Treasury to the Michigan Strategic Fund Agency.	(5,839,900)
10. Eliminate One-time Funding. The Governor removed one-time funding of \$3.0 million for Treasury legal services and \$2,742,700 in State employee lump sum payments.	(5,742,700)
11. Qualified Agricultural Loan Origination Program. The Governor removed supplemental funding of \$15.0 million GF/GP in FY 2012-13 for this assistance to farmers.	(15,000,000)
12. Dual Enrollment. The Governor reduced funding for tuition payments for nonpublic school students dually enrolled in postsecondary courses from \$10.0 million in FY 2012-13 to \$1.0 million in FY 2013-14 based on previous reimbursement costs.	(9,000,000)
13. Economic Adjustments. Includes \$1,056,800 Gross and \$158,500 GF/GP for OPEB and \$6,186,600 Gross and \$1,143,800 GF/GP for other economic adjustments.	7,243,400
14. Other Changes. The Governor recommended \$203,000 in IT cost adjustments, removal of \$1,243,300 in unrealized Federal funds, reduction of \$335,000 in spending authority for local assessor fees, an unclassified salaries increase of \$9,700, an additional increase in unclassified salaries of \$42,100 funded by a \$42,100 reduction in funding for Tax Compliance, and a data collection fee adjustment of \$9,100.	(1,356,500)
Total Changes	(\$16,627,600)
FY 2013-14 Governor's Recommendation	\$495,797,200

The changes show the differences between the schedule of programs proposed by the Governor and the prior-year line items.

Changes from FY 2012-13 Year-to-Date:

1. **Line Item Structure.** The Governor separated the General Governments departments into separate articles within his proposed budget. The budget for the Department of Treasury is in Article 19. The Governor combined the existing line items into one line for each current unit. Fund source details were not included. (Article 2)
2. **Boilerplate Structure.** The Governor moved boilerplate from the FY 2012-13 general sections that applied to all General Government budgets to the Article for the Department of Treasury. These sections include:
 - Report on total State spending for the Department. (Sec. 19-201)
 - Compliance with the Management and Budget Act. (Sec. 19-202)
 - Definitions. Many were eliminated due to the deletion of fund source detail. (Sec. 19-203)
 - Use of the Internet for reporting requirements. (Sec. 19-208)
 - Report on out-of-state travel. (Sec. 19-216)
 - Prohibition on outside legal services. (Sec. 19-226)
 - Restricted Revenue Report. (Sec. 19-227)
 - Lapse Report. The Governor changed the report date from November 15 to November 30. (Sec. 19-228)
3. **Deleted Reports.** The Governor recommended deleting the following reports: bond restructuring (Sec. 902a), cost of collections of unpaid taxes and loans (Sec. 903(3)), senior citizens' cooperative housing tax exemption audit report (Sec. 913(2)), unclaimed property audits (Sec. 919(2)), public private partnership (Sec. 925(5)), costs of collections for State departments (Sec. 930(2)), restricted fund management fees (Sec. 931), Municipal Finance Authority unappropriated revenue and spending (Sec. 934(2)), and pension consultant report (Sec. 944).
4. **Public Private Partnership.** The Governor deleted the current prohibition against support for the Detroit River International Crossing or any successor project by the Department or the Public Private Partnership Fund. (Secs. 925 and 925a)
5. **State Transparency Reporting.** The Governor required the Department to cooperate with the Department of Technology, Management, and Budget to maintain a searchable website of spending, vendors, job specifications, wage rates, and FTE data that is freely available to the public. Currently, DTMB is directed to maintain this website statewide. The Governor deleted the current requirement to update the website at least quarterly. (Sec. 2-229)
6. **Department Scorecard.** The Governor added language to direct the Department to maintain a publicly accessible website that shows a scorecard that lists, tracks, and updates metrics that represent the department's performance. (Sec. 2-230)
7. **Assessor Certification and Training Fees.** The Governor deleted the schedule of fees for property assessor examinations, initial certifications, and renewal fees and recommended that the State Tax Commission determine these fees annually. Current fees are set in boilerplate as follows: examination fee, \$50; initial certification fee, \$50; annual renewal fee for level 1 and 2 assessors, \$75; and annual renewal fee for level 3 and 4 assessors, \$125. Revenue from the fees is used to offset the costs of the training and certification program. (Sec. 19-907)
8. **Lottery Information for Retailers.** The Governor deleted a requirement for the Bureau of the State Lottery to inform retailers that cash on a Bridge Card cannot be used to purchase lottery tickets. (Sec. 963)

Date Completed: 2-21-13

Fiscal Analyst: Elizabeth Pratt

Senate Bill 194 (as introduced)
Committee: Appropriations

FY 2012-13 Year-to-Date Gross Appropriation	\$1,083,700,000
Changes from FY 2012-13 Year-to-Date:	
1. Constitutional Revenue Sharing. The Governor recommended an increase in constitutional revenue sharing payments of \$29,450,200 or 4.1% based on the sales tax estimate from the most recent consensus revenue estimating conference. This would increase payments from an estimated \$713,100,000 in FY 2012-13 to \$742,550,200 in FY 2013-14. The Michigan Constitution requires the distribution of 15% of the sales tax revenue collected at a rate of 4% to cities, villages, and townships on a per capita basis.	29,450,200
2. County Revenue Sharing. The Governor increased funding for county revenue sharing by \$8.0 million to \$112,480,000 in FY 2013-14 to cover the cost of a county projected to re-enter State-paid county revenue sharing program next year and the 11 counties that received part-year State payments in FY 2012-13 and will increase to full-year State-paid funding in FY 2013-14. County Revenue Sharing provides State payments to any county that has completed withdrawals from its revenue sharing reserve fund created by acceleration of property tax collections in 2005.	8,000,000
3. County Incentive Program. The Governor increased funding for the County Incentive Program by \$2.0 million to cover the cost of the additional counties that receive County Revenue Sharing and thus become eligible for the incentive program.	2,000,000
4. Economic Vitality Incentive Program. The Governor continued funding for this program at \$225.0 million in FY 2013-14, the same amount as in the current year.	0
5. Competitive Grant Assistance Program. The Governor recommended funding this program at \$225.0 million in FY 2013-14, the same amount as in the current year.	0
Total Changes	\$39,450,200
FY 2013-14 Governor's Recommendation	\$1,123,150,200

The changes show the differences between the schedule of programs proposed by the Governor and the prior-year line items.

Changes from FY 2012-13 Year-to-Date:

1. **Economic Vitality Incentive Program (EVIP).** The Governor recommended changes to each of the incentive categories:
 - Category 1 - Accountability and Transparency: The Governor specified the requirements for the debt service report that is currently part of the budget report. This would consist of a statement of issuance dates, issuance amounts, and a listing of annual debt service payments.
 - Category 2 - Consolidation of Services: The Governor required participants to report on the status of previous proposals and add a new proposal for consolidation, collaboration, or cooperation with potential savings and a timeline for implementation.
 - Category 3 - Employment Compensation: The Governor increased the requirements in this area to require that a recipient establish an employment compensation plan that meets the required criteria *and* comply with the requirements of the Publicly Funded Health Insurance Contribution Act, Public Act 152 of 2011. The compensation plan would have the same elements as in the current year in that it would be a plan that the local government intends to implement with any new, modified, or extended employee contract or employment agreement and would be required to comply with specific limits regarding retirement plans costs and multipliers. (Sec. 19-952)
2. **Competitive Grant Assistance Program (CGAP).** The Governor recommended that \$7.5 million of the \$15.0 million appropriation be allocated for projects to combine public safety operations. He also recommended expanding eligibility to authorities that combine operations with a city, village, township, or county. (Sec. 19-951)

Date Completed: 2-19-13

Fiscal Analyst: Elizabeth Pratt

Senate Bill 194 (as introduced)

Committee: Appropriations

FY 2012-13 Year-to-Date Gross Appropriation	\$984,234,400
Changes from FY 2012-13 Year-to-Date:	
1. Business Attraction and Community Revitalization. The Governor increased the program by \$20.0 million GF/GP to \$120.0 million. The Governor recommended using \$20.0 million of these funds to increase debt financing for development in distressed urban areas. The proposed Food and Agricultural Industry Growth Initiative was funded at \$2.0 million GF/GP. Use of 21 st Century Jobs Trust Fund (CJTF) in the line declined by \$7.5 million. This partially was replaced by \$5.5 million GF/GP.	20,000,000
2. Film Incentives. The Governor reduced funding for Film Incentives from \$50.0 million in FY 2012-13 to \$25.0 million in FY 2012-14.	(25,000,000)
3. Land Bank Fast Track Authority. The Governor increased funding for the Land Bank by \$14,109,800 and 16.0 FTEs. He recommended \$9.5 million for blight elimination, \$4.0 million for the proposed Good Neighbor Program to improve maintenance of property owned by the Land Bank, and \$2.5 million for operational expenses. Spending authority for Land Bank program revenue was reduced by \$1,890,200 to the level received.	14,109,800
4. Skilled Trades Training Program. The Governor recommended \$10.0 million GF/GP for training grants to businesses that need skilled employees and have a financial hardship in training employees.	10,000,000
5. Pure Michigan. The Governor increased funding for the Pure Michigan advertising program to \$29.0 million to support international tourism marketing. The increased funding would come from the 21 st CJTF.	4,000,000
6. Innovation and Entrepreneurship. The Governor increased 21 st CJTF appropriations for this program from \$25.0 million to \$28.5 million.	3,500,000
7. Facility for Rare Isotope Beams (FRIB) Debt Service. The Governor proposed that the MSF use up to \$90.9 million of the proceeds from revenue bonds secured by a pledge of State GF/GP revenue to pay the community share of construction costs for the FRIB facility at MSU. Debt service is estimated at \$7.3 million in FY 2013-14. Payments would vary based on the terms of the bond issue and would continue for the life of the bonds. The Governor transferred the FY 2012-13 FRIB appropriation of \$2,339,900 GF/GP from Treasury to the MSF and provided an increase of \$4,961,100 GF/GP.	7,300,000
8. Arts and Cultural Grants. The Governor increased funding to \$6,650,000.	500,000
9. Arts Grant Administration. The Governor increased the Job Creation Services line by \$500,000 to cover administrative costs of the Arts and Cultural Grant Program.	500,000
10. Federal Revenue. The Governor removed \$21,894,100 in unused spending authority.	(21,894,100)
11. Economic Adjustments. Includes \$365,500 Gross and \$66,000 GF/GP for OPEB and \$2,332,500 Gross and \$409,500 GF/GP for other economic adjustments.	2,698,000
12. Other Changes. The Governor added \$1,730,700 in Federal GEAR-UP funding, removed one-time lump sum payments of \$1,135,700, added \$203,100 for information technology costs, and transferred \$132,300 for the wage and hour unit to DLARA per E.O. 2012-9.	665,800
Total Changes	\$16,379,500
FY 2013-14 Governor's Recommendation	\$1,000,613,900

The changes show the differences between the schedule of programs proposed by the Governor and the prior-year line items.

Changes from FY 2012-13 Year-to-Date:

1. **Structure of Bill.** The Governor rolled up the appropriations for MSF and MSHDA into one line for each agency, described by a non-binding schedule of programs. No detail on revenue sources was included. (Article 19)
2. **Annual Report.** The Governor combined the MSF and the Michigan Economic Development Corporation (MEDC) annual reports and the tourism report. The requirement to coordinate tourism promotion with the tourism industry was deleted. (Sec. 19-1007)
3. **Limit on Fundraising Activities.** The Governor expanded the prohibition on private fund raising by MEDC staff to apply to staff involved in the award of incentives, in addition to the current grants and tax abatements. (Sec. 19-1013)
4. **Core Communities Report.** The Governor deleted the annual report on this program.
5. **Allocation of Business Attraction Funding.** The Governor revised the requirement on allocation of the appropriation for Business Attraction and Community Revitalization to state that \$20.0 million must be granted for community revitalization. (Sec. 19-1024)
6. **Spending Plan Report.** The Governor eliminated the spending plan report for Innovation and Entrepreneurship and Business Attraction and Economic Gardening (now Community Revitalization) and replaced it with a semi-annual report on MSF board allocations of appropriations in part 1. (Sec. 19-1031)
7. **Film Incentive Intent Language.** The Governor retained language that specifies that the percentage of State qualified production expenditures that are eligible for reimbursement is determined as of the date of the film incentive agreement. He deleted language that stated that this was the intent of the Legislature. (Sec. 1033b)
8. **Business Incubators.** The Governor deleted language that allocated up to \$8.5 million from the line item for Innovation and Entrepreneurship to business incubators and accelerators including Automation Alley and locations in Detroit and Houghton, Isabella, Kent, Macomb, Oakland, Washtenaw, Midland, Ingham, and Mason counties.
9. **Van Andel Institute Allocation.** The Governor deleted a \$500,000 allocation from the line item for Innovation and Entrepreneurship to the Van Andel Institute for match for Federal research grants.
10. **Arts and Cultural Grant Administration.** The Governor deleted the current \$100,000 cap on funds from the arts grants line item available for administration of the program. (Sec. 1035)
11. **FRIB.** The Governor added requirements for issuance of bonds to fund FRIB construction. Prior to issuing bonds, the MSF and the State Budget Director must determine that all construction approvals have been obtained and Federal construction funds are available. The bond proceeds used for construction are limited to \$90,960,100, the remaining amount of the community share. Funds would be distributed to MSU on a reimbursement basis. The State Budget Director would retain the authority and fiduciary responsibility necessary to protect the public's financial and policy interests. Any actions under that authority, such as rescinding payments, would be reported to the Legislature within 10 days of the exercise of that authority. (Sec. 19-1037)
12. **Precollege Engineering Programs.** The Governor deleted boilerplate that specified the distribution of the final year of funding for the Detroit and Grand Rapids precollege engineering program.
13. **Workforce Development Terminology.** The Governor replaced references to the Jobs, Education, and Training (JET) program with Partnership, Accountability, Training, and Hope (PATH), the new approach to workforce participation required of recipients of cash assistance. (Sec. 19-1060)
14. **Workforce Investment Act Prior Year Funds.** The Governor eliminated the report to the Legislature of funds appropriated from prior year WIA and Trade Adjustment Assistance awards. (Sec. 19-1063)

Date Completed: 2-19-13

Fiscal Analyst: Elizabeth Pratt



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